

SHAHID

MGT101 Solved

MCQ,s

Question No: 1 (Marks: 1) - Please choose one

An organization operating with the objective of making profit from the sale of goods or services is called:

- Transaction
- Business
- Society
- Trust

Question No: 2 (Marks: 1) - Please choose one

We can say that the business is in profit, when:

- Assets exceed Expenditure
- Assets exceed Liabilities
- Income exceeds Expenditure
- Income exceeds Liabilities

Question No: 3 (Marks: 1) - Please choose one

Which of the following account balance will be shown on debit side of Trial Balance? (It is assumed that all account balances are shown on normal balance).

- Capital account
- Sundry creditors account
- Accounts payable account
- Cash account

Question No: 4 (Marks: 1) - Please choose one

If the cost of sales is Rs. 60,000, sales are Rs. 95,000 and operating expenses are Rs.20,000 during the year. What would be the Net Profit?

- Rs.15,000
- Rs. 35,000
- Rs. 55,000

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- Rs. 60,000

Question No: 5 (Marks: 1) - Please choose one

In cost of goods sold statement the 'cost of goods manufactured' is equal to:

- Total factory cost + Opening work in process + Ending work in process
- **Total factory cost + Opening work in process – Ending work in process**
- Total factory cost - Opening work in process + Ending work in process
- Ending work in process +Total factory cost – Opening work in process

Question No: 6 (Marks: 1) - Please choose one

If, Cost of machine = Rs.400, 000

Useful life = 5 years

Residual value = Rs.25, 000

The depreciation of machine per year using straight line method is?

- **Rs. 160,000**
- Rs. 96,000
- Rs. 75,000
- Rs. 57,600

Question No: 7 (Marks: 1) - Please choose one

Find out the missing value of an Accounting Equation with the help of given data:

Cash	Rs.1, 00, 000
Debtors	Rs.10, 000
Other Assets	Rs. 1,000
Owner's equity	Rs. 1, 000

- Rs. 12,000 liabilities
- Rs. 11,000 liabilities
- **Rs. 1, 10,000 liabilities**
- Rs. 1, 11,000 liabilities

Question No: 8 (Marks: 1) - Please choose one

Upon checking the Bank Statement against the Cash Book by Mr. A, It was discovered that an amount of Rs.120 for dividend from XYZ Co. had not been entered in the Cash Book. Which of the following entry should be recorded to rectify the mistake?

- **Bank Account(Dr.) and Dividend Account (Cr.)**
- XYZ Co. Account (Dr.) and Bank Account (Cr.)
- Dividend Account (Dr.) and Bank Account (Cr.)

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- Bank Account (Dr.) and XYZ Co. Account (Cr.)

Question No: 9 (Marks: 1) - Please choose one

Which one of the following transactions will cause the balance in Mr. Terry's Cash Book to be greater than his Bank Statement balance?

- A cheque is drawn but not yet presented at the bank for payment
- The bank has not yet notified to Mr. Terry about a dishonoured cheque
- A credit transfer into Terry's Bank Account
- **A cheque payment of Rs.101 is recorded in the Cash Book as Rs.110**

Question No: 10 (Marks: 1) - Please choose one

If Bad Debts written off are given in adjustment, then which of the following entry for bad debts written off is **CORRECT**?

- Bad debts a/c (Dr) and Trading a/c (Cr)
- Provision for Bad and Doubtful debts a/c (Dr) and Bad debts a/c(Cr)
- **Bad debts a/c (Dr) and debtors a/c (Cr)**
- Trading a/c (Dr) and Bad debts a/c (Cr)

Question No: 11 (Marks: 1) - Please choose one

Which of the following is (are) benefit/s of subsidiary ledger accounts to business?

- It tells about customer attitude of payments
- It can be checked against the control account to pick up recording errors
- **It tells about the complete history of transactions of business client 50%**
- **All of the given options50%**

Question No: 12 (Marks: 1) - Please choose one

When one or both aspects of a transaction are recorded in the wrong class or category of account, this is called:

- **Error of principle**
- Error of omission
- Error of commission
- Error of original entry

Question No: 13 (Marks: 1) - Please choose one

Which of the following is the first phase of the typical operating cycle?

- Sell goods and services to customers
- **Purchase goods and services**
- Receive cash from customers
- Pay cash to suppliers

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Question No: 14 (Marks: 1) - Please choose one

In which type of a business, the owner and his business are considered same in the eyes of law?

- Sole proprietorship
- Public companies
- Limited companies
- Listed companies

Question No: 15 (Marks: 1) - Please choose one

Which of the following clause/s are discussed in Memorandum of Association of Companies?

- Name of company
- Place of registered office of company
- Objective of the company
- All of the given options

Question No: 16 (Marks: 1) - Please choose one

6% Debentures Account Rs. 3, 00,000. What amount of interest on debentures should be shown in profit and loss account?

- Rs. 6,000
- Rs. 3, 00,000
- Rs. 18,000
- Rs. 3, 18,000

Question No: 17 (Marks: 1) - Please choose one

Which of the following is a type of business formed under the Companies Ordinance 1984?

- Sole-Proprietorship
- Partnership
- Joint Stock Company
- All of the given options

Question No: 18 (Marks: 1) - Please choose one

If company has distributable profit is Rs. 4, 90,000. Profit sharing share ratio of Mr. A, Mr. B and Mr. C is 2:3:5 respectively what will be the Profit share for Mr. C in distributable profit.

- Rs. 98,000
- Rs. 1, 47,000
- Rs. 2, 45,000
- Rs. 3, 43,000

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Question No: 19 (Marks: 1) - Please choose one

When we close bad debts account, which of the following account is credited?

- Profit and loss account
- Bad debt account
- Debtor account
- Provision for bad debt account

Question No: 20 (Marks: 1) - Please choose one

Stock account is credited and creditors account is debited, which of the following is reflecting the statement?

- Discount received
- Goods returned
- Purchase of goods on credit
- Payment of goods

Question No: 21 (Marks: 1) - Please choose one

Which of the following justifies when profit is earned?

- Assets exceed Expenditure
- Income exceeds Expenditure
- Cash Inflow exceeds Cash Outflow
- Income exceeds Liabilities

Question No: 22 (Marks: 1) - Please choose one

In a partnership of Mr. X and Mr. Y, the share of profit of Mr. X is Rs.3,840 and the share of profit of Mr. Y is Rs. 5,760. What will be the ratio of their share?

- 1:2
- 2:3
- 3:2
- 2:1

Question No: 23 (Marks: 1) - Please choose one

Which of the following is the major benefit of a partnership over a sole proprietorship?

- Unlimited liability
- Single tax filing
- Difficult ownership resale
- Raising capital

Question No: 24 (Marks: 1) - Please choose one

Profits earned by partnerships compensate the owners for which of the following?

- Personal services rendered to the business
- Capital invested in the business
- Assuming the risks of ownership

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- All of the given options

Question No: 25 (Marks: 1) - Please choose one

For which of the following share premium can not be utilized?

- To meet the expenses of issue of shares
- To issue bonus shares
- None of the given options
- To write off preliminary expenses

Question No: 26 (Marks: 1) - Please choose one

According to the statement of cash flows following are the examples of investing activities except:

- Sales of machinery
- Capital invested by the owners
- Purchase of building for the business use
- Cash received from the disposal of equipment

Question No: 27 (Marks: 1) - Please choose one

Which of the following is one of the major factors affecting the market value of a company's shares?

- Current ratio
- Earning per share
- Return on investment
- Return on asset

Question No: 28 (Marks: 1) - Please choose one

In statement of cash flows, a payment of cash dividends is related to:

- Investing activity
- Financing activity
- Operating activity
- Cash flows from operations

Question No: 29 (Marks: 1) - Please choose one

Which of the following is the investment in business by the owners?

- Capital
- Liability
- Asset
- Profit

Question No: 30 (Marks: 1) - Please choose one

Which of the following is an example of revenue in business enterprises?

- Accounts payable
- Accounts receivable
- Commission received
- Commission paid

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Question No: 31 (Marks: 1) - Please choose one

Which of the following system of recording transactions is based on dual aspect concept of accounting?

- Double entry system
- Cash accounting system
- Single entry system
- Management system

Question No: 32 (Marks: 1) - Please choose one

Which of the following is a book of original entry in which all the vouchers are recorded at first?

- General Journal
- General Ledger
- Trial Balance
- Balance Sheet

Question No: 33 (Marks: 1) - Please choose one

What is the treatment of Accumulated depreciation in Balance Sheet?

- Treated as an expense
- Treated as an asset
- Treated as a contra asset
- Treated as an income

Question No: 34 (Marks: 1) - Please choose one

Which of the following is/are TRUE about fixed assets?

- Fixed assets have a long life
- Fixed assets are used in the business for future generation of income
- Fixed assets are not bought with the main purpose of resale
- All of the given options

Question No: 35 (Marks: 1) - Please choose one

Which one of the following cost is NOT attributable to the fixed assets?

- Costs of site preparation
- Administration and other general overhead cost
- Initial delivery and handling charges
- Installation and assembly costs

Question No: 36 (Marks: 1) - Please choose one

Mr. B's cash book shows a credit balance of Rs.68,000. He issued a cheque of Rs.7,000 but not yet presented by the bank. What will be the balance of bank statement?

- Rs. 61,000
- Rs. 75,000
- Rs. 68,000

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- Rs. 7,000

Question No: 37 (Marks: 1) - Please choose one

If cash purchase is the missing figure, it can be ascertained by the construction of:

- Cash Account
- None of the given options
- Creditors Control Accounts
- Debtors Control Accounts

Question No: 38 (Marks: 1) - Please choose one

Depreciation expense is charged to which of the following head?

- Administrative expenses
- Selling expenses
- Cost of sales
- It depends on the nature of expense

Question No: 39 (Marks: 1) - Please choose one

Which of the following is/are included in the cost of goods sold?

- Cost of materials used
- Direct labour cost
- Factory costs
- All of the given options

Question No: 40 (Marks: 1) - Please choose one

A firm had sales of Rs. 200,000, cost of goods available for sale Rs. 120,000, and an ending finished goods inventory of Rs. 20,000. Selling and Administrative expenses are Rs. 55,000. Which of the following would be **TRUE**?

- Net income was 22.5% of sales
- The cost of goods sold was Rs. 100,000
- The gross profit was Rs. 100,000
- All of the given options

Question No: 41 (Marks: 1) - Please choose one

Which of the following is **TRUE** about the Companies Limited by Shares?

- Company has limited shares to offer
- Shareholders of the Company are limited
- Liability of the shareholders is limited
- Liability of the shareholders is unlimited

Question No: 42 (Marks: 1) - Please choose one

Which of the following is shown on the liability side of Balance Sheet?

- Discount on issue of shares a/c only
- Share capital a/c only
- Premium on issue of shares a/c only

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- Both share capital and share premium a/c

Question No: 43 (Marks: 1) - Please choose one

XYZ Company has paid up capital of 20,000 shares of Rs. 100 each. The company offers to existing shareholders the right to buy 3 shares of Rs. 100 each at Rs. 125 for every 5 shares held. What would be the number of right shares?

- 120 right shares
- 12,000 right shares
- 15,000 right shares
- 25,000 right shares

Question No: 44 (Marks: 1) - Please choose one

A company is said to have been registered when:

- It gets certificate of incorporation from registrar of Companies
- It gets certificate of commencement of business from registrar of Companies
- It actually starts its business
- It filed with the Registrar of Companies certain documents, like memorandum and articles of association

Question No: 45 (Marks: 1) - Please choose one

Which of the following is considered as Non-cash item in cash flow statement?

- Depletion
- Accrued income
- Prepaid expenses
- Cash at bank

Question No: 46 (Marks: 1) - Please choose one

Which of the following is the **CORRECT** statement with respect to the liquidity and profitability?

- Liquidity and Profitability is the same thing
- The importance of Liquidity > The importance of Profitability
- The importance of Liquidity < The importance of Profitability
- **The liquidity and profitability is not the same thing but both have equal importance**

Question No: 47 (Marks: 1) - Please choose one

If issuance of shares against cash is Rs. 2,000 and payment of dividend is Rs. 9,000 then which of the following is correct?

- Inflow of cash Rs. 11,000
- Outflow of cash Rs. 11,000
- Inflow of cash Rs. 7,000
- **Outflow of cash Rs. 7,000**

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Question No: 48 (Marks: 1) - Please choose one

Which of the following is **CORRECT** about Gross Profit Ratio?

- **(Gross profit / Net Sales) x 100**
- (Gross profit / Operating Income) x 100
- (Gross profit / Sales Return) x 100
- (Gross profit / Net Income) x 100

Question No: 1 (Marks: 1) - Please choose one

Liabilities of the members of the _____ is only limited to the capital introduced by member/s.

- Partnership

- Company

- Sole proprietorship
- None of the given options

Question No: 2 (Marks: 1) - Please choose one

Fixed assets are also called:

- Depreciable assets
- Current assets
- Liquid assets
- Floating assets

Question No: 3 (Marks: 1) - Please choose one

Stock of Trading concern consists of:

- Raw material
- Work in process
- Merchandise inventory
- All of the given options

Question No: 4 (Marks: 1) - Please choose one

Which of the following would be deducted from Sundry Debtors in Balance Sheet?

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- Bad debts (Trial balance item)
- Old provision for doubtful debts
- New provision for doubtful debts
- Both Bad debts (given in adjustment) and new provision for doubtful debts

Question No: 5 (Marks: 1) - Please choose one

Consider the following data and identify the amount which will be deducted from Sundry Debtors in Balance Sheet.

Particulars	Rs.
Bad debts (from trial balance)	1,600
Provision for doubtful debts (old)	2,000
Current year's provision (new)	800

- Rs. 400
- Rs. 800
- Rs. 2,000
- Rs. 2,400

Question No: 6 (Marks: 1) - Please choose one

Which of the following is/are the item/s of a Control Account?

- Credit sale only
- Cash sale only
- Credit purchase only
- Both Credit sales and Credit purchase

Question No: 7 (Marks: 1) - Please choose one

Transaction that has been completely forgotten to enter is called:

- Error of principle
- Error of omission
- Error of commission
- Error of original entry

Question No: 8 (Marks: 1) - Please choose one

A receipt of cash Rs. 10,000 from Mr. Bilal is recorded as Rs. 1,000. What amount will be adjusted in rectifying entry?

- Rs. 1,000
- Rs. 9,000
- Rs. 10,000
- Rs. 11,000

Question No: 9 (Marks: 1) - Please choose one

Which of the following account will be credited when interest on capital is charged against the distribution of profit?

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- Interest account
- Partner's capital account
- Profit and Loss account
- Profit and loss appropriation account

Question No: 10 (Marks: 1) - Please choose one

When the capitals are fixed, which of the following account will be debited for drawings made by a partner?

- Individual Partner's Current Account
- Partner's Cash Account
- Partner's Bank Account
- Partners Capital Account

Question No: 11 (Marks: 1) - Please choose one

The Joint Stock Company is formed under the Companies Ordinance:

- 1984
- 1884
- 1948
- 1965

Question No: 12 (Marks: 1) - Please choose one

Which of the following is NOT a cash inflow?

- Sale of fixed asset
- Issue of debentures
- Cash from business operation
- Purchase of fixed asset

Question No: 13 (Marks: 1) - Please choose one

Which of the following business publishes the Financial Statements?

- Sole-Proprietorship
- Partnership
- Trust
- Public Limited Company

Question No: 14 (Marks: 1) - Please choose one

When we close bad debt account, which of the following account is debited?

- Profit and loss account
- Bad debt account
- Debtor account
- Creditor account

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Question No: 15 (Marks: 1) - Please choose one

ABC Company received discount on its credit purchases, which of the following will be credited while entering in journal?

- Cash
- Discount received
- Creditors
- Bank

Question No: 16 (Marks: 1) - Please choose one

Which of the following indicates cash discount received?

- Discount in paying debt earlier
- Discount in receiving debt earlier
- Discount in purchasing huge goods
- Discount in selling huge goods

Question No: 17 (Marks: 1) - Please choose one

In the heading of financial statement, _____ is not required?

- Title of financial statement
- Name of the person who prepares financial statement
- Period for which financial statement is prepared
- Name of business entity

Question No: 18 (Marks: 1) - Please choose one

A and B entered in partnership in capital ratio of 2:3. They earned a profit of Rs.6,600 during the year. What will be the share of profit of Mr. A?

- Rs.1,320
- Rs.2,640
- Rs.3,960
- Rs.6,600

Question No: 19 (Marks: 1) - Please choose one

Which of the following is the major benefit of a partnership over a sole proprietorship?

- Unlimited liability
- Single tax filing
- Difficult ownership resale
- Raising capital

Question No: 20 (Marks: 1) - Please choose one

Interest expenses of Epler Corporation shows a debit balance of Rs.200 in its unadjusted trial balance and Rs.250 in adjusted trial balance. Which of the following account will be credited in adjusting entry?

- Interest expense
- Interest payable

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- Prepaid interest
- Interest paid

Question No: 21 (Marks: 1) - Please choose one

For which of the following share premium can be utilized?

- To write off preliminary expenses
- To meet the expenses of issue of shares
- To issue bonus shares
- All of the given options

Question No: 22 (Marks: 1) - Please choose one

Which of the following statement is not true regarding the objective of statement of cash flows?

- It is helpful for decision making by management
- It is used for reporting the net profit of the period
- It can be used for estimations for cash flows in future
- It is used to determine the liquidity of the business

Question No: 23 (Marks: 1) - Please choose one

Which of the following can maintain the secrecy in all business matters?

- Sole-proprietorship
- Partnership
- Public Limited Company
- Private Limited Company

Question No: 24 (Marks: 1) - Please choose one

Expenditure is revenue in nature when it:

- Benefits the current period
- Benefits the future period
- Belong to the previous period
- None of the given options

Question No: 25 (Marks: 1) - Please choose one

Which of the following is a process of transferring journal entry information to ledger account?

- Journalizing
- Posting
- Balancing
- Analyzing

Question No: 26 (Marks: 1) - Please choose one

Which of the following account would be debited when the owner of business sold machinery of Rs. 10,000 on cash?

- Sales a/c
- Machinery a/c

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- Owner a/c
- Cash a/c

Question No: 27 (Marks: 1) - Please choose one

Which of the following account would be credited, when goods are sold on credit?

- Stock account
- Accounts receivable account
- Accounts payable account
- Sales account

Question No: 28 (Marks: 1) - Please choose one

Which of the following account would be debited when Rs.5, 000 were paid to vendor?

- Cash
- Voucher payable-vendor payable
- Sundry debtors
- Personal account of customer

Question No: 29 (Marks: 1) - Please choose one

Which of the following is **TRUE** during the periods of deflation?

- The use of FIFO will result in greater net income than LIFO
- The use of FIFO will result in a smaller cost of goods sold than LIFO
- The use of FIFO will result in a lower net income and higher ending inventory than LIFO
- The use of FIFO will result in a lower net income and lower ending inventory than LIFO

Question No: 30 (Marks: 1) - Please choose one

Which one of the following is **TRUE** with respect to “LIFO” in inventory valuation?

- Last-In-First-Out
- Last-In-Freight-Out
- Last-In Frequent-Out
- Large inventory - First-Out

Question No: 31 (Marks: 1) - Please choose one

Which one of the following is a fixed asset?

- Cash in hand
- Advanced payment
- Closing stock
- Leasehold vehicle

Question No: 32 (Marks: 1) - Please choose one

Purpose of charging depreciation expense is the application of:

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- Matching principle
- Dual aspect concept
- Separate entity concept
- Money measurement concept

Question No: 33 (Marks: 1) - Please choose one

Which of the following is/are TRUE about fixed assets?

- Fixed assets have a long life
- Fixed assets are used in the business for future generation of income
- Fixed assets are not bought with the main purpose of resale
- All of the given options

Question No: 34 (Marks: 1) - Please choose one

If:

- Cost of machine= Rs. 425,000
- Useful life= 5 years
- Residual value = Rs. 25,000
- Sale price= Rs. 40,000

What will be book value of machine after four years using straight line method?

- Rs. 65,000
- Rs. 400,000
- Rs. 85,000
- Rs. 105,000

Question No: 35 (Marks: 1) - Please choose one

It is supposed that on 31st December, 2007, the sundry debtors are amounted to Rs. 40,000. On the basis of past experience, it is estimated that 5 % of the sundry debtors are doubtful. Actual bad debts are Rs. 1,600 appeared in trial balance. What is amount of new provision for doubtful debts?

- Rs. 3,600
- Rs. 2,000
- Rs. 1,600
- Rs. 400

Question No: 36 (Marks: 1) - Please choose one

Which of the following statement is correct, if a company fails to record estimated bad debts expense?

- Net realizable value is understated
- Expenses are understated
- Revenues are understated
- Receivables are understated

Question No: 37 (Marks: 1) - Please choose one

Insurance paid in advance would be treated as:

- Non current asset

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- Current asset
- Intangible asset
- Deferred expense

Question No: 38 (Marks: 1) - Please choose one

Which of the following is/are **NOT** included in the cost of goods sold?

- Distribution expenses
- Selling expenses
- Administrative expenses
- All of the given options

Question No: 39 (Marks: 1) - Please choose one

Which of the following would be added in purchases in order to get the value of Net purchases?

- Purchases returns
- Carriage inwards
- Trade discount and rebates
- All of the given options

Question No: 40 (Marks: 1) - Please choose one

The amount received in excess of the face value of the shares is transferred to:

- Share capital account
- Right shares
- Share premium account
- Shareholders account

Question No: 41 (Marks: 1) - Please choose one

Preliminary Expenses of the company may write off against:

- Share premium account
- Shareholders account
- Debtors control account
- Creditors control account

Question No: 42 (Marks: 1) - Please choose one

Which of the following can be utilized to issue bonus shares?

- Share premium
- Term finance certificates
- Bonds
- Debentures

Question No: 43 (Marks: 1) - Please choose one

Which of the following is the new name of Sources and Application of Funds?

- Income Statement
- Cash Flow Statement

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- Statement of Changes in Owners Equity
- Balance Sheet

Question No: 44 (Marks: 1) - Please choose one

A corporation has retained earning of Rs. 100,000 and Rs. 150,000 for the year ended 2006 and 2007 respectively. The corporations had net profits after taxes of Rs. 80,000 in 2007. What will be the amount of dividend paid in the year 2007?

- Rs. 30,000
- Rs. 70,000
- Rs. 50,000
- Rs. 20,000

Question No: 45 (Marks: 1) - Please choose one

Which of the following is the **CORRECT** statement with respect to the liquidity and profitability?

- Liquidity and Profitability is the same thing
- The importance of Liquidity > The importance of Profitability
- The importance of Liquidity < The importance of Profitability
- The liquidity and profitability is not the same thing but both have equal importance

Question No: 46 (Marks: 1) - Please choose one

Which of the following is adjusted as working capital change in operating activities section of a cash flow statement?

- Decrease in trade receivable
- Repayment of dividend
- Payment of goodwill
- Investment in associated companies

Question No: 47 (Marks: 1) - Please choose one

In statement of cash flows, which of the following would not be considered as an investing activity?

- Sales of fixed assets
- Purchase of long term securities
- Purchase of fixed assets
- Payments of dividends

Question No: 48 (Marks: 1) - Please choose one

A company ABC purchased an asset for Rs. 40,000, paying Rs. 30,000 in cash and issuing a long term note payable for remaining balance. The amount will be recorded in statement of cash flows as:

- Rs. 40,000 cash outflow as an investing activity
- Rs. 30,000 cash outflow as an investing activity
- Rs. 10,000 cash inflow as an investing activity

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- Rs. 70,000 cash inflow as an investing activity

Question No: 1 (Marks: 1) - Please choose one

Direct materials costs	Rs.70,000
Direct labor costs	30,000
Manufacturing overhead costs	60,000
conversion cost	?

- Rs. 20,000
► **Rs.40, 000**
► Rs.90, 000
► Rs.160, 000

Question No: 2 (Marks: 1) - Please choose one

Sale proceeds of goods are an example of:

- Revenue expense
► Capital expense
► Capital receipt
► Revenue receipt

Question No: 3 (Marks: 1) - Please choose one

Consider the following data:

Provision created in 2006	Rs. 2,500
Bad debts in 2007	Rs. 1,500
Sundry debtors on 31-12- 2007 were Rs. 40,000 and provision is created @ 5%.	
Which journal entry is Correct for the provision for doubtful debts for the year 2007.	

- Profit & Loss a/c Rs. 1,000 (Dr) & Provision for doubtful debts a/c Rs. 1,000 (Cr)
► **Provision for doubtful debts a/c Rs. 1,000 (Dr) & Profit & Loss a/c Rs. 1,000 (Cr)**
► Profit & Loss a/c Rs. 2,000 (Dr) & Provision for doubtful debts a/c Rs. 2,000 (Cr)
► Provision for doubtful debts a/c Rs. 2,000 (Dr) & Profit & Loss a/c Rs. 2,000 (Cr)

Question No: 4 (Marks: 1) - Please choose one

Which of the following subsidiary book(s) is (are) maintained for debtors control account?

- Sales Day Book

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- Sales Return
- Debtors Ledger
- All of the given options

Question No: 5 (Marks: 1) - Please choose one

Which of the following account(s) will be affected, while rectifying the error of Carriage paid Rs.50 for the newly purchased machinery mistakenly debited to carriage account?

- Only machinery account
- Only carriage account
- Both carriage and machinery account
- Only cash account

Question No: 6 (Marks: 1) - Please choose one

Which of the following account(s) will be affected, while rectifying the error of an amount Rs.200 received from Mr."P" wrongly credited to Mr."Q's" account?

- Only Cash Account
- Only P's account
- Only Q's account
- Both of Mr. P's & Mr.Q's Account

Question No: 7 (Marks: 1) - Please choose one

Which of the following accounts would be increased with a debit?

- Contributed Capital
- Retained Earnings
- Revenues
- Expenses

Question No: 8 (Marks: 1) - Please choose one

Which of the following would **NOT** be considered as a component of 'cost' of stock?

- Salaries of selling staff
- Transportation inward costs
- Import duties
- Purchase price

Question No: 9 (Marks: 1) - Please choose one

Which of the following are the owners of a company?

- Proprietors
- Partners
- Shareholders
- Managers

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Question No: 10 (Marks: 1) - Please choose one

If dividend is proposed by directors of the company @ 30% for the year, it will be calculated on:

- Capital Reserve
- Authorized share capital
- Paid up share capital
- Share premium

Question No: 11 (Marks: 1) - Please choose one

In which of the following interim dividend is treated?

- In profit and Loss account
- In profit and Loss appropriation account
- On the asset side of the Balance Sheet
- In trading account

Question No: 12 (Marks: 1) - Please choose one

Which of the following documents contains rules and regulations for internal management of the company?

- Memorandum of Association
- Articles of Association
- Prospectus
- Statutory Declaration

Question No: 13 (Marks: 1) - Please choose one

When preparing a cash flow statement, which of the following would be classified as a financing activity?

- A new long-term loan taken out to finance the purchase of fixed assets
- Salaries paid
- Interest paid on a long-term bank loan
- The cost of purchasing a patent

Question No: 14 (Marks: 1) - Please choose one

When opening stock is Rs. 50,000, closing stock Rs. 60,000 and cost of goods sold Rs. 220,000. What will be stock turnover ratio?

- 2 times
- 3 times
- 4 times
- 5 times

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Question No: 15 (Marks: 1) - Please choose one

What does a credit balance in a partner's current account represent to a business?

- Current Assets
- Current Liability
- Long-term liability
- Share of profit

Question No: 16 (Marks: 1) - Please choose one

Net Profit + Expenses= _____

- Liabilities
- Assets
- Capital
- Income

Question No: 17 (Marks: 1) - Please choose one

What would be the value of 'cost of goods manufactured' if the total factory cost of the month is Rs. 6,000, opening work in process is Rs. 2,000 and the closing work in process is Rs. 2,500?

- Rs. 5,500
- Rs. 8,000
- Rs. 4,500
- Rs. 8,500

Question No: 18 (Marks: 1) - Please choose one

Particulars	Rs.
Direct materials costs	80,000
Direct labor costs	50,000
Manufacturing overhead costs	60,000
Prime cost	?

- Rs.130, 000
- Rs.110, 000
- Rs.140, 000
- Rs.190, 000

Question No: 19 (Marks: 1) - Please choose one

"The owner of the business should be remunerated for his time spent in the business". This concept is known as:

- Inflation
- Money value of time

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- Money measurement concept
- Realization concept

Question No: 20 (Marks: 1) - Please choose one

Which of the following account will be debited, when the labor cost is charged to production?

- Finished goods account
- Labor cost account
- Work in process account
- Factory overhead account

Question No: 21 (Marks: 1) - Please choose one

Stock account is debited and creditors account is credited, which of the following is reflecting the statement?

- Discount received
- Goods returned
- Purchase of goods on credit
- Payment of goods

Question No: 22 (Marks: 1) - Please choose one

The financial year of Atif Brothers & Co. is closed on June 30, 2009. Total cash sales are Rs. 150,000, credit sales are Rs. 180,000 and total receipts are Rs. 250,000. Credit receipts will be:

- Rs. 150,000
- Rs. 100,000
- Rs. 220,000
- Rs. 280,000

Question No: 23 (Marks: 1) - Please choose one

Which of the following is usually not an accrued expense?

- Interest payable
- Wages payable
- Taxes payable
- Notes payable

Question No: 24 (Marks: 1) - Please choose one

Which of the following financial statements is generally prepared first?

- Income statement
- Balance sheet
- Statement of retained earnings
- Statement of cash flow

Question No: 25 (Marks: 1) - Please choose one

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Which of the following is known as an asset account?

- Gains
- Prepaid insurance
- Unearned revenue
- Accounts payable

Question No: 26 (Marks: 1) - Please choose one

Puget Sound Co. sold marketable securities Costing Rs.80,000 for Rs.92,000 cash. In the company's income statement and statement of cash flows, respectively, this will appear as:

- A Rs.12,000 gain and a Rs.92,000 cash receipt
- A Rs.92,000 gain and a Rs.8,000 cash receipt
- A Rs.12,000 gain and a Rs.80,000 cash receipt
- A Rs.92,000 sale and a Rs.92,000 cash receipt

Question No: 27 (Marks: 1) - Please choose one

Mr. A & B entered into a partnership invested Rs.50,000 and Rs.65,000 with an equal share in profit or loss. Markup on drawings of Mr. A is Rs.1,500 and of Mr. B is Rs.1,800. The net income for the year is Rs.85,000. What will be the profit share of Mr. B?

- Rs.42,350
- Rs.44,150
- Rs.41,600
- Rs.40,850

Question No: 28 (Marks: 1) - Please choose one

Which of the following statement is not true regarding the objective of statement of cash flows?

- It is helpful for decision making by management
- It is used for reporting the net profit of the period
- It can be used for estimations for cash flows in future
- It is used to determine the liquidity of the business

Question No: 29 (Marks: 1) - Please choose one

According to the statement of cash flows following are the examples of investing activities except:

- Sales of machinery
- Capital invested by the owners
- Purchase of building for the business use
- Cash received from the disposal of equipment

Question No: 30 (Marks: 1) - Please choose one

Which of the following account would be credited in case of loss of goods by fire?

- Purchase account

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- Sales account
- Loss by fire account
- Capital account

Question No: 31 (Marks: 1) - Please choose one

Which of the following result would be shown if Gross Profit is greater than the Operating Expenses in profit and loss account?

- Net Profit
- Operating profit
- Net Loss
- Gross Loss

Question No: 32 (Marks: 1) - Please choose one

Which of the following is/are NOT the example of intangible assets?

- Copyright
- Goodwill
- Patent
- Land

Question No: 33 (Marks: 1) - Please choose one

If salaries expense is Rs. 2,500, purchases are Rs. 16,000 and rent (office building) is Rs. 300 during the year, what would be the total "General & administrative expenses"?

- Rs. 300
- Rs. 2,500
- Rs. 2,800
- Rs.18,800

Question No: 34 (Marks: 1) - Please choose one

Which one of the following methods for inventory valuation is based on the assumption that the first merchandise purchased is the first merchandise sold?

- LIFO Method
- Weighted Average Method
- Specific Identification Method
- FIFO Method

Question No: 35 (Marks: 1) - Please choose one

A machine, which was bought at a cost of Rs. 4,000, is not expected to have any residual value. If it is depreciated at a rate of 10% per annum using Straight line method, its net book value after two years will be:

- Rs. 3,200
- Rs. 800
- Rs. 3,600
- Rs. 3,240

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Question No: 36 (Marks: 1) - Please choose one

Particulars	Rs.
Written down value of asset at the time of sale	10,000
Original cost of asset	20,000
Depreciation expense during the year	700
Disposal value of asset	?
Loss on disposal of asset	1,000

- Rs. 9,000
- Rs. 19,000
- **Rs. 8,300**
- Rs.10,000

Question No: 37 (Marks: 1) - Please choose one

Accounts receivables are shown in balance sheet at:

- Net realizable value
- Total amount
- **Market value**
- Residual value

Question No: 38 (Marks: 1) - Please choose one

Which of the following is NOT included in Debtors Control Account?

- **Cash sale**
- Credit sale
- Bills receivable
- Discount allowed

Question No: 39 (Marks: 1) - Please choose one

Which of the following would be shown on the credit side of creditors control account?

- **Bills Receivable**
- Return outwards
- Credit purchases
- Discount allowed

Question No: 40 (Marks: 1) - Please choose one

Which of the following is INCORRECT about subsidiary account?

- It is not a summary account
- It reduces the burden of control account
- **It provides detailed information about individual accounts**
- It summarizes the total of related items from other accounts

Question No: 41 (Marks: 1) - Please choose one

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Which of the following would be occurred in a transaction, but will not be expensed until a future accounting period?

- Deferred cost
- Provision
- Unearned revenue
- Capital work in progress

Question No: 42 (Marks: 1) - Please choose one

Deferred revenues will become revenue when they are:

- Unearned
- Earned
- Incurred
- Paid

Question No: 43 (Marks: 1) - Please choose one

Which of the following can be utilized to issue bonus shares?

- Share premium
- Term finance certificates
- Bonds
- Debentures

Question No: 44 (Marks: 1) - Please choose one

Which of the following is old name of Cash Flow Statement?

- Sources and Application of Funds
- Sources and Application of Liabilities
- Sources and Application of Activities
- Sources and Application of Income

Question No: 45 (Marks: 1) - Please choose one

Which of the following is **TRUE**?

- Sale of equipment for cash is considered as inflow of cash
- Sale of equipment on account is considered as inflow of cash
- Purchases of equipment for cash is considered as inflow of cash
- Sale of equipment for cash is considered as outflow of cash

Question No: 46 (Marks: 1) - Please choose one

Which of the following is the **CORRECT** statement with respect to the liquidity and profitability?

- Liquidity and Profitability is the same thing
- The importance of Liquidity > The importance of Profitability
- The importance of Liquidity < The importance of Profitability
- The liquidity and profitability is not the same thing but both have equal importance

Question No: 47 (Marks: 1) - Please choose one

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A company ABC purchased an asset for Rs. 40,000, paying Rs. 30,000 in cash and issuing a long term note payable for remaining balance. The amount will be recorded in statement of cash flows as:

- Rs. 40,000 cash outflow as an investing activity
- Rs. 30,000 cash outflow as an investing activity
- Rs. 10,000 cash inflow as an investing activity
- Rs. 70,000 cash inflow as an investing activity

Question No: 48 (Marks: 1) - Please choose one

Which of the given Asset is **Not** included in the calculation acid test ratio?

- Stock
- Cash
- Debtors
- Bills Receivable

Question No: 1 (Marks: 1) - Please choose one

Which one of the following is a type of General Ledger?

- Book of original entry
- ‘T’ Account
- Source document
- Day book

Question No: 2 (Marks: 1) - Please choose one

Under the reducing balance method of depreciation:

- Amount of depreciation increases every year
- Amount of depreciation remains constant for every year
- **Amount of depreciation decreases every year**
- None of the given options

Question No: 3 (Marks: 1) - Please choose one

Following information are extracted from books of Mr. XYZ

Particulars	Rs.
Closing value of stock	40,000
Write off Bad debts (given in adjustments)	2,400
Sundry Debtors (given in trial balance)	33,200
Provision is created on Debtors at 5%	

Requirement: Identify the Total amount which will deduct from Sundry debtors.

- Rs. 460
- **Rs. 2,400**
- Rs. 1,540
- Rs. 3,940

Question No: 4 (Marks: 1) - Please choose one

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Consider the following data:

Provision created in 2006	Rs. 2,500
Bad debts in 2007	Rs. 1,500
Sundry debtors on 31-12- 2007 were Rs. 40,000 and provision is created @ 5%.	
Which journal entry is Correct for the provision for doubtful debts for the year 2007.	

- Profit & Loss a/c Rs. 1,000 (Dr) & Provision for doubtful debts a/c Rs. 1,000 (Cr)
- Provision for doubtful debts a/c Rs. 1,000 (Dr) & Profit & Loss a/c Rs. 1,000 (Cr)
- Profit & Loss a/c Rs. 2,000 (Dr) & Provision for doubtful debts a/c Rs. 2,000 (Cr)
- Provision for doubtful debts a/c Rs. 2,000 (Dr) & Profit & Loss a/c Rs. 2,000 (Cr)

Question No: 5 (Marks: 1) - Please choose one

Which of the following subsidiary book(s) is (are) maintained for debtors control account?

- Sales Day Book
- Sales Return
- Debtors Ledger
- All of the given options

Question No: 6 (Marks: 1) - Please choose one

If provision is created for doubtful debts, which of the following entry will be passed to record bad debts in control account?

- Bade debts (Dr) and Debtors Control A/c (Cr)
- Provision for doubtful debts (Dr) and Debtors Control A/c (Cr)
- Provision for doubtful debts (Dr) and Debtors A/c (Cr)
- Debtors Control A/c (Dr) and Provision for doubtful debts (Cr)

Question No: 7 (Marks: 1) - Please choose one

General office expenses are charged to which of the following head:

- Administrative expenses
- Marketing expenses
- Selling expenses
- Financial expenses

Question No: 8 (Marks: 1) - Please choose one

The Balance Sheet item that represents the resources invested by the owner is known as:

- Accounts Receivable
- Cash
- Note Payable
- Owner's Equity

Question No: 9 (Marks: 1) - Please choose one

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Which of the following is (are) shown as notes to the accounts.

- Nature of the business of the company
- **Accounting policies of the business**
- Details and explanations of items given in Balance Sheet
- All of the given options

Question No: 10 (Marks: 1) - Please choose one

Which of the following business publishes the Financial Statements?

- Sole-Proprietorship
- Partnership
- Trust
- **Public Limited Company**

Question No: 11 (Marks: 1) - Please choose one

When the current Ratio is 2: 5 and the amount of Current Liabilities is Rs. 25,000. What will be the amount of Current Assets?

- Rs. 62,500
- Rs. 12,500
- Rs. 10,000
- **Cannot be calculated with the help of given data**

Question No: 12 (Marks: 1) - Please choose one

Which one of the following is another name of carrying cost of an asset?

- Book Value
- Residual Value
- Fair Value
- **Break up Value**

Question No: 13 (Marks: 1) - Please choose one

Which of the following fixed asset is normally appreciated with the passage of time?

- **Land**
- Vehicles
- Furniture
- Machinery

Question No: 14 (Marks: 1) - Please choose one

Which of the following statement is the detail of transaction in one's account provided by the bank?

- **Bank statement**
- Bank reconciliation statement
- Income statement
- Financial statement

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Question No: 15 (Marks: 1) - Please choose one

Normally the practice of Book Keeping under Single Entry System is followed by:

- **Small businesses only**
- Governments only
- Large scale businesses only
- Both small businesses and governments

Question No: 16 (Marks: 1) - Please choose one

Which of the following is NOT a financial statement?

- Balance sheet
- **Audit report**
- Income statement
- Cash flow statement

Question No: 17 (Marks: 1) - Please choose one

According to the rule of debit and credit for balance sheet accounts:

- Increase in asset, liability, and owners' equity accounts are recorded by debits.
- Decrease in asset and liability accounts are recorded by credits
- Increase in asset and owners' equity accounts are recorded by debits
- **Decrease in liability and owners' equity accounts are recorded by debits**

Question No: 18 (Marks: 1) - Please choose one

Failure to record _____ will result in understates net income.

- Accrued expenses
- Expenses incurred
- **Accrued revenues**
- Accounts payable

Question No: 19 (Marks: 1) - Please choose one

Income tax expense of Eden Corporation shows a debit balance of Rs.7,000 in its unadjusted trial balance and Rs.7,600 in adjusted trial balance. Which of the following account will be debited in adjusting entry?

- Income tax payable
- Prepaid income tax
- **Income tax expense**
- Income tax paid

Question No: 20 (Marks: 1) - Please choose one

Mr. A & B entered into a partnership invested Rs.50,000 and Rs.65,000 with an equal share in profit or loss. Markup on drawings of Mr. A is Rs.1,500 and of Mr. B is Rs.1,800. The net income for the year is Rs.85,000. What will be the profit share of Mr. B?

- Rs.42,350
- Rs.44,150
- Rs.41,600

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- **Rs.40,850**

Question No: 21 (Marks: 1) - Please choose one

Mr. A & B entered into a partnership with an equal investment and equal share in profit or loss. Markup on capital of Mr. A is Rs.2,500 and of Mr. B is Rs.2,800. The net income for the year is Rs.95,000. What will be the amount of distributable profit?

- **Rs.89,700**
- Rs.92,500
- Rs.95,000
- Rs.100,300

Question No: 22 (Marks: 1) - Please choose one

Mr. A & B entered into a partnership invested Rs.50,000 and Rs.65,000 with an equal share in profit or loss. Markup on capital of Mr. A is Rs.2,000 and markup on drawings of Mr. B is Rs.3,000. The net income for the year is Rs.85,000. What will be the profit share of Mr. A?

- Rs.43,000
- **Rs.45,000**
- Rs.71,000
- Rs.133,000

Question No: 23 (Marks: 1) - Please choose one

Statement of cash flows helps the stakeholders to assess:

- Ability to pay cash dividends in the future
- All of the given options
- The ability to generate future cash flows
- **The liquidity of the business**

Question No: 24 (Marks: 1) - Please choose one

Primary purpose of the cash flows statement is to provide the information about:

- Errors or discrepancies between cash book and income statement
- Receipt and payment of cash in the period
- **Non cash adjustment that effect the income statement**
- Cash paid to the customers and creditors of the business

Question No: 25 (Marks: 1) - Please choose one

Which of the following ratio is widely used to measure the short-term debt-paying ability of a company?

- Acid-test ratio
- **Debt ratio**
- Current ratio
- None of the given options

Question No: 26 (Marks: 1) - Please choose one

Which of the following is also called acid-test ratio?

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- Current ratio
- Debt ratio
- Quick ratio
- **Liquidity ratio**

Question No: 27 (Marks: 1) - Please choose one

Which of the following statement is **TRUE** with respect to Book-keeping?

- It does not give the complete picture of financial condition of a business unit
- It gives the complete picture of financial condition of a business unit
- **It provides information for taking managerial decision**
- It is the summarizing phase of an accounting system

Question No: 28 (Marks: 1) - Please choose one

Which one of the following statement is **FALSE** about FIFO inventory system during the period of inflation?

- **Current assets have latest marked values**
- Volume of profitability becomes higher
- Amount of taxes increases
- Stock is valued at oldest prices

Question No: 29 (Marks: 1) - Please choose one

Which one of the following is another name of carrying cost of an asset?

- Book Value
- Residual Value
- Fair Value
- **Break up Value**

Question No: 30 (Marks: 1) - Please choose one

Depreciation of office building is charged to:

- Cost of Goods Sold
- **Administrative Expenses**
- Selling Expenses
- Financial expenses

Question No: 31 (Marks: 1) - Please choose one

If, Cost of asset is Rs. 100,000, Residual Value (RV) is Rs. 20,000 and Life of asset is 3 years, what will be the rate of depreciation under Diminishing balance method?

- 10%
- 22%
- **42%**
- 52%

Question No: 32 (Marks: 1) - Please choose one

Motor vehicles are depreciated at 20% per annum using the diminishing balance method. A motor vehicle which cost Rs. 20,000 was sold after two years. The sale resulted in

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neither a profit nor a loss. What was the sale price of the motor vehicle?

- Rs. 7,200
- Rs. 12,000
- **Rs. 12,800**
- Rs. 16,000

Question No: 33 (Marks: 1) - Please choose one

If:

- Cost of machine= Rs. 200,000
- Rate of depreciation = 10% p.a.
- Sale price= Rs. 50,000

What will be book value of machine after two years using diminishing balance method?

- Rs. 150,000
- **Rs. 162,000**
- Rs. 160,000
- Rs. 180,000

Question No: 34 (Marks: 1) - Please choose one

Which of the following is the unexpired portion of the cost of an asset?

- Carrying value
- Depreciable value
- Original cost
- **Residual value**

Question No: 35 (Marks: 1) - Please choose one

Mr. B's cash book shows a credit balance of Rs.68,000. He issued a cheque of Rs.7,000 but not yet presented by the bank. What will be the balance of bank statement?

- Rs. 61,000
- **Rs. 75,000**
- Rs. 68,000
- Rs. 7,000

Question No: 36 (Marks: 1) - Please choose one

Which of the following would be obtained from the purchase day book?

- Discount received
- Returns Inwards
- Credit purchases
- **Cash purchases**

Question No: 37 (Marks: 1) - Please choose one

Which of the following would be shown on the credit side of creditors control account?

- Bills Receivable
- Return outwards
- **Credit purchases**
- Discount allowed

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Question No: 38 (Marks: 1) - Please choose one

If cash sale is the missing figure, it can be ascertained by the construction of:

- Creditors Control Accounts
- **Debtors Control Accounts**
- Cash Account
- None of the given options

Question No: 39 (Marks: 1) - Please choose one

General reserves are shown in:

- **Balance sheet**
- Income & expenditure account
- Cash flow statement
- Profit & loss account

Question No: 40 (Marks: 1) - Please choose one

Prepaid interest given in the Trial Balance will be treated as a (an):

- **Asset**
- Liability
- Revenue
- Deferred expense

Question No: 41 (Marks: 1) - Please choose one

T Corp. had net income before taxes of Rs. 200,000 and sales of Rs. 2,000,000. If it is in the 50% tax bracket, its profit margin would be:

- 5%
- 12%
- **20%**
- 25%

Question No: 42 (Marks: 1) - Please choose one

Which of the following Legal Documents of a company contain(s) the rules and regulations framed for the internal management of the company?

- Memorandum of Association
- **Articles of Association**
- Both Memorandum of Association and Articles of Association
- Prospectus

Question No: 43 (Marks: 1) - Please choose one

Which of the following represents the total number of shares subscribed by shareholders to serve as capital?

- **Share capital**
- Share premium
- Share certificate
- Share warrant

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Question No: 44 (Marks: 1) - Please choose one

Which of the following is/are the source/s for the issuance of bonus shares?

- ▶ Profit and loss appropriation account
- ▶ **Premium on issue of shares account**
- ▶ Premium on issue of debentures account
- ▶ All of the given options

Question No: 45 (Marks: 1) - Please choose one

Which of the following represents that the shares are issued at a price above the face value?

- ▶ **Share issued at premium**
- ▶ Share issued at discount
- ▶ Share issued at par
- ▶ Share issued at nominal value

Question No: 46 (Marks: 1) - Please choose one

Which of the following is old name of Cash Flow Statement?

- ▶ **Sources and Application of Funds**
- ▶ Sources and Application of Liabilities
- ▶ Sources and Application of Activities
- ▶ Sources and Application of Income

Question No: 47 (Marks: 1) - Please choose one

Which of the following is **TRUE**?

- ▶ **Sale of equipment for cash is considered as inflow of cash**
- ▶ Sale of equipment on account is considered as inflow of cash
- ▶ Purchases of equipment for cash is considered as inflow of cash
- ▶ Sale of equipment for cash is considered as outflow of cash

Question No: 48 (Marks: 1) - Please choose one

Which of the following would be the common way(s) to evaluate a company's performance?

- ▶ **Compare current year's performance of the company to a prior year's performance of the company.**
- ▶ Compare the company's performance to the industry's performance.
- ▶ Compare the company's performance to the performance of a competing company.
- ▶ All of the given options

Question No: 1 (Marks: 1) - Please choose one

What will be the effect on accounting equation, when payment is made to the creditor of the business?

- ▶ Increase in an asset, increase in owner's equity

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- Increase in an asset, increase in a liability
- Decrease in an asset, decrease in owner's equity
- Decrease in an asset, decrease in a liability**

Question No: 2 (Marks: 1) - Please choose one

Which one of the following is a type of General Ledger?

- Book of original entry
- 'T' Account
- Source document
- Day book**

Question No: 3 (Marks: 1) - Please choose one

Which of the following summarizes the cash movements during a specified period?

- Trading account
- Profit & Loss account
- Receipts & Payments account**
- Balance Sheet

Question No: 4 (Marks: 1) - Please choose one

Which of the following is/are the **END** product of accounting cycle?

- Financial Statements**
- General Journal
- General Ledger
- Voucher

Question No: 5 (Marks: 1) - Please choose one

Which of the following shows summary of a company's financial position at a specific date?

- Profit & Loss Account
- Cash Flow Statement
- Balance Sheet**
- Income & Expenditure Account

Question No: 6 (Marks: 1) - Please choose one

Accounts Receivable & Inventory are the examples of:

- Liquid assets
- Current assets**
- Fixed assets

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- Capital assets

Question No: 7 (Marks: 1) - Please choose one

Which of the following is an alternate term which can be used for "Capital"?

- Liability
- **Owner's net worth**
- Working capital
- Asset

Question No: 8 (Marks: 1) - Please choose one

Which of the following particular is **NOT** included in the specimen of a payment voucher?

- Name of organization
- Cash payment amount
- Date of transaction
- **Bank receipt**

Question No: 9 (Marks: 1) - Please choose one

The total of all costs incurred to convert raw material into finished goods is known as:

- Prime cost
- **Conversion cost**
- Sunk cost
- Opportunity cost

Question No: 10 (Marks: 1) - Please choose one

All the costs incurred on the incomplete assets up to the balance sheet date must be transferred to:

- Capital account
- **Capital work in progress account**
- Relevant asset account
- Owner's equity account

Question No: 11 (Marks: 1) - Please choose one

Particulars	Rs.
Opening stock of raw material	100,000
Closing stock of raw material	80,000

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Purchases of raw material during the period	200, 000
Cost of Material Consumed	?

- Rs. 205,000
- Rs. 215,000
- Rs. 220,000**
- Rs. 225,000

Question No: 12 (Marks: 1) - Please choose one

Which one of the following is NOT true about Capital Expenditure?

- Creates future benefits
- Incurred to acquire fixed assets
- Incurred to increase the economic life of existing fixed assets
- Reduce the profit of the concern**

Question No: 13 (Marks: 1) - Please choose one

Find out the missing value of an Accounting Equation with the help of given data:

Total Assets	Rs. 34,500
Accounts payable	Rs. 1, 000
Other liabilities	Rs. 11,500

- Rs. 22,000 owner's equity**
- Rs. 23, 000 owner's equity
- Rs. 24,000 owner's equity
- Rs. 46,000 owner's equity

Question No: 14 (Marks: 1) - Please choose one

Depreciation arises because of:

- Fall in the market value of an asset
- Fall in the value of money
- Physical wear and tear**
- All of the given options

Question No: 15 (Marks: 1) - Please choose one

When the Bank Statement balance is more than the Cash Book balance, it is because of:

- Unpresented cheques**

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- Unrecorded bank charges
- Uncredited cheques
- None of the given options

Question No: 16 (Marks: 1) - Please choose one

Which of the following account would be credited, when the bad debts are recovered?

- Allowance for bad debts a/c
- **Bad debts recovered a/c**
- Doubtful debts a/c
- Cash a/c

Question No: 17 (Marks: 1) - Please choose one

Which of the following is/are the item/s of a Control Account?

- Credit sale only
- Cash sale only
- Credit purchase only
- **Both Credit sales and Credit purchase**

Question No: 18 (Marks: 1) - Please choose one

Which of the following is NOT included in Debtors Control Account?

- **Cash sales**
- Credit sales
- Bills receivable
- Discount allowed

Question No: 19 (Marks: 1) - Please choose one

Which of the following is (are) included in Creditors Control Account?

- Discount received from supplier
- Credit purchases
- Bills payable
- **All of the given options**

Question No: 20 (Marks: 1) - Please choose one

Which of the following account(s) will be affected, while rectifying the error of Sale to Mr."A" Rs. 336 was not recorded at all?

- Only sales account
- Only A's account
- Only cash account
- **Both sales account and A's account**

Question No: 21 (Marks: 1) - Please choose one

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Which of the following account(s) will be affected, while rectifying the error of an amount Rs.200 received from Mr."P" wrongly credited to Mr."Q's" account?

- Only Cash Account
- Only P's account
- Only Q's account
- Both of Mr. P's & Mr.Q's Account**

Question No: 22 (Marks: 1) - Please choose one

Which of the following item must be recorded in the adjusted Cash Book in order to bring it in line with the entries in the Bank Statement?

► Bank charges

- An error on the Bank Statement
- An uncredited deposit
- An unpresented cheque

Question No: 23 (Marks: 1) - Please choose one

Consider the following data and identify the amount which will be deducted from Sundry Debtors in Balance Sheet.

Particulars	Rs.
Bad debts (from trial balance)	1,600
Provision for doubtful debts (old)	2,000
Current year's provision (new)	1,000

- Rs. 600
- Rs. 1,000**
- Rs. 2,000
- Rs. 2,600

Question No: 24 (Marks: 1) - Please choose one

It is supposed that on 31st December, 2007, the sundry debtors are amounted to Rs. 40,000. On the basis of past experience, it is estimated that 10% of the sundry debtors are doubtful. Actual bad debts are Rs. 1600. What amount of new provision for doubtful debts will be deducted from Sundry debtors?

- Rs. 3,600
- Rs. 4,000**
- Rs. 1,600
- Rs. 2, 400

Question No: 25 (Marks: 1) - Please choose one

Which of the following is an example of operating expense?

- Purchasing operating equipment
- Purchasing cleaning services**

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- Purchasing an investment in another company
- Purchasing a computer for the accounting office

Question No: 26 (Marks: 1) - Please choose one

Which of the following is normally treated as the last expense listed in the income statement of a company?

- Interest expense
- General and administrative expenses
- Salaries and wages expense
- Income tax expense**

Question No: 27 (Marks: 1) - Please choose one

Which of the following accounts would be increased with a debit?

- Contributed Capital
- Retained Earnings
- Revenues
- Expenses**

Question No: 28 (Marks: 1) - Please choose one

Which of the following is **NOT** an operating expense?

- Salaries and wages expense
- Rent expense
- Interest expense**
- Depreciation expense

Question No: 29 (Marks: 1) - Please choose one

An asset is considered to be a current asset if:

- It has been bought recently and was bought new and not used
- It can be realized in cash or sold or consumed in the business within one year**
- It is a piece of new machinery that is expected to last for at least ten years
- All of the given options

Question No: 30 (Marks: 1) - Please choose one

Which of the following item will be shown on debit side of capital account of sole proprietor?

- Cash
- Drawings**
- Debtors
- Profit

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Question No: 31 (Marks: 1) - Please choose one

Which of the following is/are NOT shown in balance sheet of sole proprietor?

- Fixed assets
- Current liabilities
- Profit sharing ratio**
- Long term assets

Question No: 32 (Marks: 1) - Please choose one

When closing stock is given in trial balance, then it will effect:

- Trading account only
- Balance sheet only**
- Owner's equity only
- Both Trading account and Balance sheet

Question No: 33 (Marks: 1) - Please choose one

What will the effects on financial statements, if machinery is depreciated @ 10%?

- It will be treated as an expense in income statement only
- It will be subtracted from concerned asset only
- It will be treated as a current asset only
- It will be treated as an expense in income statement and subtracted from concerned assets in Balance Sheet**

Question No: 34 (Marks: 1) - Please choose one

Which of the following statement is TRUE about the Accounts receivable?

- Accounts receivable arises when a company buys goods or services from another party on credit
- Accounts receivable is a miscellaneous category that may include loans to employees
- Accounts receivable are more formal than notes receivable
- Accounts receivable are often called trade receivables**

Question No: 35 (Marks: 1) - Please choose one

Fixed Asset (WDV) + _____ = Total assets Employed

- Working capital**
- Total liabilities
- Total assets
- Current assets

Question No: 36 (Marks: 1) - Please choose one

Identify the selling expenses of manufacturing concern with the help of given data.

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Particulars	Rs.
Salesman's salary	70,000
Commission on sales	28,000
Carriage outward	10,000
Carriage inward	5,000

- Rs. 80,000
- Rs. 60,000
- Rs. 38,000
- Rs. 1, 08,000**

Question No: 37 (Marks: 1) - Please choose one

Which of the following statement is **TRUE** about the partnership form of business?

- Partners must have to share their profits in equal proportion
- Partners are personally liable for the liabilities of the business
- Partnerships must make their accounts available to the general public
- Partnership agreement in writing is called Partnership deed**

Question No: 38 (Marks: 1) - Please choose one

By which if the following Act/ Ordinance, a company is allowed to issue shares at a higher price than their face value.

- Companies ordinance 1984**
- Contract act 1872
- Sales of Goods act 1930
- None of the given options

Question No: 39 (Marks: 1) - Please choose one

Preliminary Expenses of the company may write off against:

- Share premium account**
- Share holder account
- Debtors control account
- Creditor control account

Question No: 40 (Marks: 1) - Please choose one

Which of the following document(s) define the relation of company with outside world?

- Prospectus
- Statutory Declaration
- Memorandum of Association
- Articles of Association**

Question No: 41 (Marks: 1) - Please choose one

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What are the effects on financial statements, if provision for Income Tax to be made Rs. 12,000 is given in adjustment?

- It will be deducted in Income Statement only
- It will be treated as current liability in balance sheet only
- It will be treated as current asset in balance sheet only
- **Both it will be deducted in income statement and it will be treated as current liability in balance sheet**

Question No: 42 (Marks: 1) - Please choose one

What are the effects on financial statements, if Rs. 6,000 transfer to general reserve is given in adjustment?

- it will be treated in both profit and loss appropriation account and in the balance sheet
- **It will be treated in Income Statement only**
- It will be treated as current liability in balance sheet only
- It will be treated in profit and loss appropriation account only

Question No: 43 (Marks: 1) - Please choose one

In cash flow statements, which of the following would appear as a cash outflow?

- **The payments for purchases made during the year**
- A decrease in trade debtors over the course of an accounting period
- Money received as a result of issuing new shares
- Money received as result of selling fixed assets

Question No: 44 (Marks: 1) - Please choose one

Which of the following is **CORRECT**?

- A cash inflow means increase total cash only
- A cash inflow means increase in cash equivalent only
- A cash inflow means increase in cash and decrease in cash equivalent
- **A cash inflow means increase in both cash and cash equivalent**

Question No: 45 (Marks: 1) - Please choose one

When opening stock is Rs. 50,000, closing stock Rs. 60,000 and cost of goods sold Rs. 220,000. What will be stock turnover ratio?

- 2 times
- 3 times
- **4 times**
- 5 times

Question No: 46 (Marks: 1) - Please choose one

	Rs.
Gross profit	50,000

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Operating profit	42,000
Sales	250, 000
What is the amount of operating expenses	?

- **Rs. 8,000**
- Rs. 92,000
- Rs. 62,500
- Rs. 300,000

Question No: 47 (Marks: 1) - Please choose one

What types of changes (is) are made at the admission of partner in partnership?

- Assets of old business will be revalued
- Liabilities of old business will be revalued
- Good will of business will be revalued
- **All of the given options**

Question No: 48 (Marks: 1) - Please choose one

In which situation(s) Partnership is dissolved?

- In case of death of partner
- At the admission of new partner
- If any partner resigned from partnership
- **All of the given options**

Question No: 49 (Marks: 1) - Please choose one

If one partner receives a salary which is credited to him at the end of the year, the share of profit available for distribution will be:

- Increased
- **Decreased**
- Unchanged
- Changed and become negative

Question No: 50 (Marks: 1) - Please choose one

Which one of the following is equal to the carrying cost of an asset?

- Original cost minus Accumulated depreciation
- Original cost plus Accumulated depreciation
- **Original cost minus Residual value**
- Written down value minus Accumulated depreciation

>>confirmed Question No: 1 (Marks: 1) - Please choose one(chap 30)

Debenture is also named as:

- Share
- Bond

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- Equity
- Reserve

>>confirmed Question No: 2 (Marks: 1) - Please choose one(chap 35)

What types of changes (is) are made at the admission of partner in partnership?

- Assets of old business will be revalued
- Liabilities of old business will be revalued
- Good will of business will be revalued
- All of the given options

Question No: 3 (Marks: 1) - Please choose one

The balance sheet reported a beginning balance of Rs. 20,000 in Accounts Receivable and an ending balance of Rs. 15,000. Credit Sales of Rs. 200,000 were made during the year. Using this information, compute cash collected from customers.

- Rs. 215,000
- Rs. 195,000
- Rs. 200,000
- **Rs. 205,000**

Question No: 4 (Marks: 1) - Please choose one

In cash flow statements, which of the following would appear as an inflow of cash?

- The repayments of a bank loan
- Dividend issue in the current year
- **Money received as result of selling fixed assets**
- The difference between the valuations of old and new fixed assets

Question No: 5 (Marks: 1) - Please choose one

Which of the following is NOT a cash inflow?

- **Purchase of fixed asset**
- Sale of fixed asset
- Issue of debentures
- Cash from business operation

Question No: 6 (Marks: 1) - Please choose one

What are the effects on financial statements, if Rs. 6,000 transfer to general reserve is given in adjustment?

- It will be treated in Income Statement only
- It will be treated as current liability in balance sheet only
- It will be treated in profit and loss appropriation account only
- **it will be treated in both profit and loss appropriation account and in the balance sheet**

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Question No: 7 (Marks: 1) - Please choose one

Which of the following is the most important document of the company?

- Memorandum of Association
- Articles of Association
- Prospectus
- **Annual Report**

Question No: 8 (Marks: 1) - Please choose one

Which of the following document(s) define the relation of company with outside world?

- Memorandum of Association
- Articles of Association
- Prospectus
- **Statutory Declaration**

Question No: 9 (Marks: 1) - Please choose one

The income statement of the Limited company is also known as:

- Manufacturing account
- **Profit and Loss account**
- Profit and Loss Appropriation account
- Current Account

Question No: 10 (Marks: 1) - Please choose one

In which of the following auditor's remuneration payable is shown?

- In balance sheet under the head of current liabilities only
- In balance sheet under the head of current assets only
- In income statement under the administrative expense only
- **In both balance sheet under the head of current liabilities and income statement under the administrative expense**

Question No: 11 (Marks: 1) - Please choose one

The charter of a company which defines the limitations and powers of the company is called:

- The memorandum of association
- **Articles of association**
- Statutory report
- Certificate of commencement

Question No: 12 (Marks: 1) - Please choose one

Which of the following represents the partnership agreement in writing?

- Partnership registration
- Partnership-at-will

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- **Partnership deed**
- Partnership certification

Question No: 13 (Marks: 1) - Please choose one

Which of the following represents the relationship between persons who have agreed to share the profit of business carried on by all or any of them acting for all?

- Sole-ownership
- Private limited company
- Public limited company
- **Partnership**

Question No: 14 (Marks: 1) - Please choose one

Which of the following statement is **TRUE** about the Accounts receivable?

- Accounts receivable arises when a company buys goods or services from another party on credit
- Accounts receivable is a miscellaneous category that may include loans to employees
- Accounts receivable are more formal than notes receivable
- **Accounts receivable are often called trade receivables**

Question No: 15 (Marks: 1) - Please choose one

Which one of the following is **TRUE** about provisions?

- It is necessary to prepare for showing true picture of balance sheet
- It is a reduction from assets
- It is prepared for specific purposes
- **All of the given options**

Question No: 16 (Marks: 1) - Please choose one

Which financial statement show what a business owes at a particular point in time?

- A cash flow statement
- The bank statement for the business
- **A balance sheet**
- A statement of retained earnings

Question No: 17 (Marks: 1) - Please choose one

Which of the following is an example of operating expense?

- Purchasing operating equipment
- **Purchasing cleaning services**
- Purchasing an investment in another company
- Purchasing a computer for the accounting office

Question No: 18 (Marks: 1) - Please choose one

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Short-term investments include all of the following EXCEPT:

- A bond receivable intended to be sold within one year
- Frequently traded securities
- A stock investment in the General Electric Company intended to be sold within one year
- **A shares investment in the Coca-Cola Company intended to be held for several years**

Question No: 19 (Marks: 1) - Please choose one

The figure of cash received from debtors can be located either from cash book or:

- **Debtor's Control Account**
- Balance Sheet
- Profit & Loss Account
- Bills Payable Account

Question No: 20 (Marks: 1) - Please choose one

Following information are extracted from books of Mr. XYZ

Particulars	Rs.
Closing value of stock	40,000
Write off Bad debts (given in adjustments)	2,400
Sundry Debtors (given in trial balance)	33,200
Provision is created on Debtors at 10%	

Identify the Total amount deducted from Sundry debtors.

- Rs. 460
- Rs. 2,400
- Rs. 3,080
- **Rs. 5,480**

Question No: 21 (Marks: 1) - Please choose one

Consider the following data and identify the amount which will be deducted from Sundry Debtors in Balance Sheet.

Particulars	Rs.
Bad debts (from trial balance)	1,600
Provision for doubtful debts (old)	2,000
Current year's provision (new)	1,000

- Rs. 600
- **Rs. 1,000**
- Rs. 2,000
- Rs. 2,600

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Question No: 22 (Marks: 1) - Please choose one

Which of the following entry will be recorded, if a cheque deposited is dishonored by bank?

- Bank Account (Dr.) and Debtor's Account (Cr.)
- **Debtor's Account (Dr.) and Bank Account (Cr.)**
- Dishonored Cheque Account (Dr.) and Bank Account (Cr.)
- Creditor's Account (Dr.) and Bank Account (Cr.)

Question No: 23 (Marks: 1) - Please choose one

Which of the following account(s) will be affected, while rectifying the error of an amount Rs.200 received from Mr."P" wrongly credited to Mr."Q's" account?

- **Both of Mr. P's & Mr.Q's Account**
- Only Cash Account
- Only P's account
- Only Q's account

Question No: 24 (Marks: 1) - Please choose one

Which of the following account(s) will be affected, while rectifying the error of sales Rs.100 to Mr. "A" recorded in the purchases book?

- Sales account
- Purchase account
- A's account and Sales account
- **Sales account, purchase account and A's account**

Question No: 25 (Marks: 1) - Please choose one

"Goods sold to Mr. Salman for Rs. 6,000 have been forgotten to enter in books of accounts", is an example of:

- Error of principle
- **Error of omission**
- Error of commission
- Error of original entry

Question No: 26 (Marks: 1) - Please choose one

Transaction that has been completely forgotten to enter is called:

- Error of principle
- **Error of omission**
- Error of commission
- Error of original entry

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Question No: 27 (Marks: 1) - Please choose one

Which of the following is (are) included in Creditors Control Account?

- Discount received from supplier
- Credit purchases
- Bills payable
- **All of the given options**

Question No: 28 (Marks: 1) - Please choose one

Which of the following is NOT included in Debtors Control Account?

- **Cash sales**
- Credit sales
- Bills receivable
- Discount allowed

Question No: 29 (Marks: 1) - Please choose one

Which of the following subsidiary book(s) is (are) maintained for debtors control account?

- Sales Day Book
- Sales Return
- Debtors Ledger
- **All of the given options**

Question No: 30 (Marks: 1) - Please choose one

Which of the following is NOT based on the concept of double entry book keeping system?

- Subsidiary Ledgers
- Creditors Control Accounts
- Debtors Control Accounts
- **All of the given options**

Question No: 31 (Marks: 1) - Please choose one

Which of the following entry will be recorded when the Bad Debts are recovered?

- **Cash account (Dr.) & Bad Debts recovered account (Cr.)**
- Accounts Receivable account (Dr.) & Bad Debts recovered account (Cr.)
- Bad debts recovered account (Dr.) and Profit & Loss account (Cr.)
- Provision for doubtful debts account (Dr.) & Cash account (Cr.)

Question No: 32 (Marks: 1) - Please choose one

In which of the following condition(s) **DEBT** is regarded as **BAD**.

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- Bankruptcy of the debtor
- Disappearance of debtor's business
- Failure of repeated attempt to collect the debt
- All of the given options

Question No: 33 (Marks: 1) - Please choose one

Which of the following is **CORRECT** for Doubtful Debt?

- It is shown in balance sheet
- It is a definite loss to the business
- It is not shown in balance sheet
- No provision is necessary for it

Question No: 34 (Marks: 1) - Please choose one

The following balance and discrepancies were found on 31 March 2008:

Particulars	Rs.
Cash book balance (Dr)	5 000
Unpresented cheques	1 000
Uncredited cheques	500

The Bank Statement balance on 31 March 2008 should be:

- Rs. 5 500 (Dr)
- Rs. 5 500 (Cr)
- Rs. 4 500 (Dr)
- Rs. 4 500 (Cr)

Question No: 35 (Marks: 1) - Please choose one

A Bank Reconciliation Statement is prepared to:

- Ascertain that the difference between the Cash Book balance and the Bank Statement balance has been accounted for
- Correct errors in the Cash Book or errors in the Bank Statement
- Amend the balance of the Bank Statement of the firm
- Amend the balance in the Cash Book of the firm

Question No: 36 (Marks: 1) - Please choose one

Which of the following is **CORRECT** regarding depreciation?

- It is a systematic allocation of depreciable amount of an asset over its estimated useful life

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- It refers to the end life of an asset
- It refers to the increase in value of asset
- It is another name of Impairment

Question No: 37 (Marks: 1) - Please choose one

Find out the missing value of an Accounting Equation with the help of given data:

Cash	Rs.1, 00, 000
Debtors	Rs.10, 000
Other Assets	Rs. 1,000
Owner's equity	Rs. 1, 000

- Rs. 12,000 liabilities
- Rs. 11,000 liabilities
- **Rs. 1, 10,000 liabilities**
- Rs. 1, 11,000 liabilities

Question No: 38 (Marks: 1) - Please choose one

Which of the following essentials will be shown in the format of Cash Book?

- (1) Ledger code
- (2) Amount of Receipt
- (3) Amount of payment

- (1) only
- (1) & (2) only
- (1) & (3) only
- **(1), (2) & (3)**

Question No: 39 (Marks: 1) - Please choose one

Consider the following:

Beginning inventory	10 units @ Rs. 10 per unit
First purchase	35 units @ Rs. 11 per unit
Second purchase	40 units @ Rs. 12 per unit
Third purchase	20 units @ Rs. 13 per unit

Eighty units were sold, what is the value of the ending inventory using the FIFO method of inventory costing?

- Rs.260
- Rs.232
- Rs.284
- **Rs.320**

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Question No: 40 (Marks: 1) - Please choose one

In cost of goods sold statement, the ‘cost of material consumed’ is equal to:

► **Opening raw material inventory + Purchases – Ending raw material inventory**

- Opening raw material inventory - Purchases + Ending raw material inventory
- Ending raw material inventory + Opening raw material inventory - Purchases
- Ending raw material inventory + Opening raw material inventory + Purchases

Question No: 41 (Marks: 1) - Please choose one

Following are the inventories of Manufacturing Concern EXCEPT:

- Raw material
- Work in process
- Finished goods
- **Merchandise inventory**

Question No: 42 (Marks: 1) - Please choose one

Which of the following is an alternate term which can be used for “Capital”?

- Liability
- **Owner's net worth**
- Working capital
- Asset

Question No: 43 (Marks: 1) - Please choose one

In which of the following condition a company will have positive working capital?

- **If current assets > current liabilities**
- If current Assets < current Liabilities
- If current assets = current liabilities
- If current assets \leq current liabilities

Question No: 44 (Marks: 1) - Please choose one

If salaries expense is Rs. 2,500, purchases are Rs. 16,000 and rent (office building) is Rs. 300 during the year, what would be the total of "general & administrative expenses"?

- Rs. 300
- Rs. 2,500
- **Rs. 2,800**
- Rs.18, 800

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Question No: 45 (Marks: 1) - Please choose one

The amount brought by the proprietor in the business should be credited to:

- Cash account
- **Capital account**
- Drawings account
- Proprietor account

Question No: 46 (Marks: 1) - Please choose one

An asset on the balance sheet which is expected to be sold or used within one year is known as:

- Tangible asset
- **Current asset**
- Fixed asset
- Long term asset

Question No: 47 (Marks: 1) - Please choose one

Which one of the following is a type of General Ledger?

- Book of original entry
- **'T' Account**
- Source document
- Day book

Question No: 48 (Marks: 1) - Please choose one

According to the double entry system of book keeping, the investment of Rs.10, 000 in the business made by the owner will effect:

- **Cash & Capital Account**
- Cash & Expense Account
- Capital & Revenue Account
- Capital & Expense Account

Question No: 49 (Marks: 1) - Please choose one

Mr." A" sold goods for Rs. 3, 00,000 to Mr. "B", Rs. 3, 00,000 will be treated as _____ for business.

- **Revenue**
- Net profit
- Gross profit
- Operating profit

Question No: 50 (Marks: 1) - Please choose one

when income exceeds expenses in a specific time period is known as:

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- Savings
- **Net profit**
- Gross profit
- Operating profit

Question No: 1 (Marks: 1) - Please choose one

Prepaid interest given in the Trial Balance will be treated as a (an):

- Asset
- Liability
- Revenue
- Deferred expense

Question No: 2 (Marks: 1) - Please choose one

The net income calculated in the income statement for the accounting period is reported on:

- Bank Statement
- Statement of retained earnings
- Statement of cash flows
- None of the given options

Question No: 3 (Marks: 1) - Please choose one

If the Capitals of partners are fixed then, at the end of financial year a partner's drawings are transferred to the:

- Credit side of the partner's capital account
- Credit side of the partner's current account
- Debit side of partnership bank account
- Debit side of the partner's current account

Question No: 4 (Marks: 1) - Please choose one

If one partner receives a salary which is credited to him at the end of the year, the share of profit available for distribution will be:

- Increased
- Decreased
- Unchanged
- Changed and become negative

Question No: 5 (Marks: 1) - Please choose one

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In which situation(s) Partnership is dissolved?

- In case of death of partner
- At the admission of new partner
- If any partner resigned from partnership
- All of the given options

Question No: 6 (Marks: 1) - Please choose one

	Rs.
Gross profit	50,000
Operating profit	42,000
Sales	250, 000
What is the amount of operating expenses	?

- **Rs. 8,000**
- Rs. 92,000
- Rs. 62,500
- Rs. 300,000

Question No: 7 (Marks: 1) - Please choose one

Current ratio may be increased by:

- **Overstating current Assets**
- Overstating current Liabilities
- Understating current Assets
- Understating current assets and overstating current liabilities

Question No: 8 (Marks: 1) - Please choose one

In which of the following interim dividend is treated?

- In profit and Loss account
- **In profit and Loss appropriation account**
- On the asset side of the Balance Sheet
- In trading account

Question No: 9 (Marks: 1) - Please choose one

The statement of changes in equity basically shows the movement of:

- **share capital during the year**
- Capital reserves during the year
- Revenue Reserves during the year
- All of the given options

Question No: 10 (Marks: 1) - Please choose one

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Which of the following can offer its share to general public at large?

- A private limited company
- **A listed company**
- A partnership firm
- A trust

Question No: 11 (Marks: 1) - Please choose one

The Joint Stock Company is formed under the Companies Ordinance:

- **1984**
- 1884
- 1948
- 1965

Question No: 12 (Marks: 1) - Please choose one

In case of fixed capital accounts, other transactions such as Drawings and Profit etc. are recorded in a separate account that is called _____.

- Fixed Capital Account
- **Current Account**
- Fluctuating Capital Account
- Floating Capital Account

Question No: 13 (Marks: 1) - Please choose one

Which of the following account will be debited when the interest on drawings is charged?

- Partner's capital account
- Interest account
- **Partner's current account**
- Profit & Loss account

Question No: 14 (Marks: 1) - Please choose one

Which of the following account will be credited when interest on capital is charged against the distribution of profit?

- Interest account
- **Partner's capital account**
- Profit and Loss account
- Profit and loss appropriation account

Question No: 15 (Marks: 1) - Please choose one

Which of the following statement is **TRUE** about the partnership form of business?

- Partners must have to share their profits in equal proportion
- Partners are personally liable for the liabilities of the business

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- Partnerships must make their accounts available to the general public
- **Partnership agreement in writing is called Partnership deed**

Question No: 16 (Marks: 1) - Please choose one

Which of the following statements is **NOT TRUE** about the partnership form of business?

- A partnership is a business run by two or more persons
- A partnership business is easy to set up
- **Each partner is liable under the law for the actions of other partners**
- In the absence of agreement, partners will be paid salaries

Question No: 17 (Marks: 1) - Please choose one

Which of the following is **TRUE** about the treatment of insurance paid in advance Rs. 13,000?

- It will be treated as an other income in Profit & Loss Account
- **It will be treated as a current asset in Balance Sheet**
- It will be treated as a current liability in Balance Sheet
- It will be treated as an accrued expense in Balance Sheet

Question No: 18 (Marks: 1) - Please choose one

Which of the following is/are **NOT** shown in balance sheet of sole proprietor?

- Fixed assets
- Current liabilities
- **Profit sharing ratio**
- Long term assets

Question No: 19 (Marks: 1) - Please choose one

Which of the following appears in both the Income Statement debit column and the Balance Sheet credit?

- Net income
- **Net loss**
- Dividends
- Retained earnings

Question No: 20 (Marks: 1) - Please choose one

Which of the following is a selling expense?

- Any tax/freight is paid on purchases
- General salaries paid to laborers
- **Tax & freight paid on sale**
- Interest on deposits

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Question No: 21 (Marks: 1) - Please choose one

Which of the following is NOT an operating expense?

- Salaries and wages expense
- Rent expense
- **Interest expense**
- Depreciation expense

Question No: 22 (Marks: 1) - Please choose one

Consider the following table:

	Financial statement item	Classification
A.	Inventory	Current asset
B.	Tangible assets	Non-current asset
C.	Accrued expenses	Current asset
D.	Bonds payable	Long-term liabilities

Identify the row above, showing an INCORRECT financial-statement classification?

- Row A
- Row B
- **Row C**
- Row D

Question No: 23 (Marks: 1) - Please choose one

Which of the following is the first phase of the typical operating cycle?

- Receive cash from customers
- Pay cash to suppliers
- Sell goods and services to customers
- **Purchase goods and services**

Question No: 24 (Marks: 1) - Please choose one

Following information are extracted from books of Mr. XYZ

Particulars	Rs.
Closing value of stock	40,000
Write off Bad debts (given in adjustments)	2,400
Sundry Debtors (given in trial balance)	33,200
Provision is created on Debtors at 10%	

Identify the Total amount deducted from Sundry debtors.

- Rs. 460
- **Rs. 2,400**
- Rs. 3,080

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- Rs. 5,480

Question No: 25 (Marks: 1) - Please choose one

It is supposed that on 31st December, 2007, the sundry debtors are amounted to Rs. 40,000. On the basis of past experience, it is estimated that 10% of the sundry debtors are doubtful. Actual bad debts are Rs. 1600. What amount of new provision for doubtful debts will be credited in profit & loss account

- Rs. 3,600
- Rs. 4,000
- Rs. 1,600
- **Rs. 2,400**

Question No: 26 (Marks: 1) - Please choose one

Consider the following data and identify the amount which will be deducted from Sundry Debtors in Balance Sheet.

Particulars	Rs.
Bad debts (from trial balance)	1,600
Provision for doubtful debts (old)	2,000
Current year's provision (new)	1,000

- Rs. 600
- Rs. 1,000
- **Rs. 2,000**
- Rs. 2,600

Question No: 27 (Marks: 1) - Please choose one

Which of the following account(s) will be affected, while rectifying the error of a purchase return of Rs.200 to Mr. "A" entered in sales book instead of purchase return book?

- A's account only
- Sales account only
- **Purchase returns account and sales account**
- Purchases account only

Question No: 28 (Marks: 1) - Please choose one

"Goods sold to Mr. Salman for Rs. 6,000 have been forgotten to enter in books of accounts", is an example of:

- Error of principle
- **Error of omission**
- Error of commission
- Error of original entry

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Question No: 29 (Marks: 1) - Please choose one

_____ are committed in those cases where proper distinction between revenue and capital items is not made.

► **Error of principle**

- Error of omission
- Error of commission
- Error of original entry

Question No: 30 (Marks: 1) - Please choose one

Which of the following account(s) will be affected, while rectifying the error of carriage charges, paid for a new plant purchased mistakenly debited to carriage account?

- Plant account
- Carriage account
- **Both plant account and carriage account**
- Trading account

Question No: 31 (Marks: 1) - Please choose one

Which of the following entry will be passed to record discount received in control account?

- Discount Received (Dr) and Creditors Control A/c (Cr)
- Discount Received (Dr) and Creditors A/c (Cr)
- **Creditors Control A/c (Dr) and Discount Received (Cr)**
- Creditors A/c (Dr) and Discount Received (Cr)

Question No: 32 (Marks: 1) - Please choose one

Which of the following is shown on credit side of creditors control account?

- Bills Receivable
- Return inwards
- **Credit purchases**
- Discount allowed

Question No: 33 (Marks: 1) - Please choose one

It is supposed that on 31-12-2007, the sundry debtors are amounted to Rs. 40,000. On the basis of past experience, it is estimated that 5 % of the sundry debtors are doubtful. What entry will pass to transfer the bad debts to provision for doubtful debts?

- Profit & Loss a/c Rs. 1,600 (Dr) & Provision for doubtful debts a/c Rs. 1,600 (Cr)

► Profit & Loss a/c Rs. 2,000 (Dr) & Provision for doubtful debts a/c Rs. 2,000 (Cr)

- Provision for doubtful debts a/c Rs. 2,000 (Dr) & Profit & Loss a/c Rs. 2,000 (Cr)

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- Provision for doubtful debts a/c Rs. 1,600 (Dr) & Bad Debts a/c Rs. 1,600 (Cr)

Question No: 34 (Marks: 1) - Please choose one

Following information are extracted from books of Mr. XYZ

Particulars	Rs.
Bad Debts (Given in trial balance)	500
Old provisions (Given in trial balance)	800
Sundry Debtors (Given in trial balance)	44,500
Provision for doubtful debts @ 5%	
What will be the amount of new provision	?

- **Rs. 2,225**

- Rs. 2,525
► Rs. 1,925
► Rs. 3,025

Question No: 35 (Marks: 1) - Please choose one

An overdraft will appear as:

- a debit balance in the both the bank statement and the cash book.
► a credit balance in the bank statement but as a debit balance in the cash book.
► **a credit balance in the cash book but as a debit balance in the bank statement.**
► a credit balance in both the bank statement and the cash book.

Question No: 36 (Marks: 1) - Please choose one

Which one of the following is NOT true for Profit & Loss Account?

- It shows whether a business has made a profit or loss over a financial year
► It shows the financial performance of a business for the period
► It shows revenues and expenses for the period
► **It is used to calculate surplus/deficit for a particular period**

Question No: 37 (Marks: 1) - Please choose one

Which of the following is CORRECT regarding depreciation?

- **It is a systematic allocation of depreciable amount of an asset over its estimated useful life**
► It refers to the end life of an asset
► It refers to the increase in value of asset
► It is another name of Impairment

Question No: 38 (Marks: 1) - Please choose one

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The total of all costs incurred to convert raw material into finished goods is known as:

- Prime cost
- **Conversion cost**
- Sunk cost
- Opportunity cost

Question No: 39 (Marks: 1) - Please choose one

If the cost of sales is Rs. 60,000, sales are Rs. 90,000 and operating expenses are Rs. 25,000 during the year. What would be the Net Profit?

- **Rs. 5,000**
- Rs. 25,000
- Rs. 55,000
- Rs. 60,000

Question No: 40 (Marks: 1) - Please choose one

“Electricity bill for the month is paid by Mr. Imran Rs. 325”. What is the journal entry to record this transaction?

- Cash a/c Rs. 325 (Dr.) , Utilities Expense a/c Rs. 325 (Cr.)
- **Utilities Expense a/c Rs. 325 (Dr.), Cash a/c Rs. 325 (Cr.)**
- Accounts Receivable a/c Rs. 325 (Dr.), Utilities Expense a/c Rs. 325 (Cr.)
- Utilities Expense a/c Rs. 325 (Dr.), Accounts Receivable a/c Rs. 325 (Cr.)

Question No: 41 (Marks: 1) - Please choose one

Which of the following journal entry will be recorded, if the cash is deposited in the bank?

- **Bank account (Dr) and Cash account (Cr)**
- Cash account (Dr) and Bank account (Cr)
- Bank account (Dr) and Profit & Loss account (Cr)
- Cost of goods Sold account (Dr) and Bank account (Cr)

Question No: 42 (Marks: 1) - Please choose one

Which one of the following statement is **CORRECT** about Long term liabilities?

- These are due within one year

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► These are consist of all debts, payable after 12 months

- In working capital, these are deducted from current assets
- All of the given options

Question No: 43 (Marks: 1) - Please choose one

A summarized record of transactions related to individuals or things is called a/an

► Account

- Voucher
- Journal
- Trial balance

Question No: 44 (Marks: 1) - Please choose one

When a Liability is reduced or decreased, it is recorded on the:

► Right or debit side of the account

- Left or debit side of the account
- Left or credit side of the account
- Right or credit side of the account

Question No: 45 (Marks: 1) - Please choose one

Obligations to pay cash or un-earned incomes by the business are the:

- Assets

► Liabilities

- Equities
- Expenses

Question No: 46 (Marks: 1) - Please choose one

Economic resources owned by a business and expected to benefit for the future operations are called:

- Expenses

- Assets

► Capital

- Liabilities

Question No: 47 (Marks: 1) - Please choose one

According to the double entry system of book keeping, the investment of Rs.10, 000 in the business made by the owner will effect:

► Cash & Capital Account

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- Cash & Expense Account
- Capital & Revenue Account
- Capital & Expense Account

Question No: 48 (Marks: 1) - Please choose one

Income of the business includes:

- **Cash sales only**
- Credit sales only
- Credit purchases only
- Both cash sales and credit sales

Question No: 49 (Marks: 1) - Please choose one

If a business purchases machinery for Rs. 30,000 on 31st January 2008 having life of 10 years, this expense will be realized _____ under the concept of accrual accounting.

- For the year 2008 only
- For the last day of 10th year only
- **Over 10 years**
- Nothing can be said about it

Question No: 50 (Marks: 1) - Please choose one

Double entry accounting system includes:

- Accrual accounting only
- Cash accounting only
- **Both cash and accrual accounting**
- None of the given options

Question No: 1 (Marks: 1) - Please choose one

If a business purchases machinery for Rs. 30,000 on 31st January 2008 having life of 10 years, this expense will be realized _____ under the concept of accrual accounting.

- For the year 2008 only
- For the last day of 10th year only
- **Over 10 years**
- Nothing can be said about it

Question No: 2 (Marks: 1) - Please choose one

Assets total Rs.50, 000 and Liabilities total Rs.10, 000. What is the equity of the business?

- **Rs. 40, 000**

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- Rs. 60, 000
- Rs. 10,000
- Rs. 50,000

Question No: 3 (Marks: 1) - Please choose one

What will be the effect on accounting equation, when payment is made to the creditor of the business?

- Increase in an asset, increase in owner's equity
- Increase in an asset, increase in a liability
- Decrease in an asset, decrease in owner's equity
- **Decrease in an asset, decrease in a liability**

Question No: 4 (Marks: 1) - Please choose one

What would be the affect on the components of the accounting equation, if goods are purchased on cash?

- Increase in cash and decrease in equity
- Increase in cash and increase in goods
- **Increase in goods and decrease in cash**
- Increase in equipment and increase in equity

Question No: 5 (Marks: 1) - Please choose one

Which of the following is used to record financial transactions in chronological (day-to-day) order?

- Voucher
- **General Journal**
- General Ledger
- Trial balance

Question No: 6 (Marks: 1) - Please choose one

A book, in which receipts and payments are recorded, is known as:

- Pass Book
- **Cash Book**
- Purchase Book
- Sales Book

Question No: 7 (Marks: 1) - Please choose one

Which of the following is **CORRECT** for Trading account?

- It includes cost of goods sold and all the direct expenses related to sales

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- It includes cost of goods sold and all the indirect expenses related to sales
- It includes cost of goods sold and all the direct and indirect expenses
- It includes cost of goods sold and all the direct and selling, administrative expenses

Question No: 8 (Marks: 1) - Please choose one

Which of the following journal entry will be recorded, if the payment of furniture purchased is made through cheque?

- Furniture account (Dr) and Bank account (Cr)
- Furniture account (Dr) and Profit & Loss account (Cr)
- Furniture account (Dr) and Cash account (Cr)
- Cash account (Dr) and Furniture account (Cr)

Question No: 9 (Marks: 1) - Please choose one

Which of the following account balance will be shown on debit side of Trial Balance? (It is assumed that all account balances are shown on normal balance).

- Capital account
- Sundry creditors account
- Accounts payable account
- Cash account

Question No: 10 (Marks: 1) - Please choose one

Which of the following financial statement DO NOT show the financial health of a business at a specific date?

- Profit and loss account
- Balance sheet
- Statement of financial position
- All of the given options

Question No: 11 (Marks: 1) - Please choose one

What would be the value of total factory cost, if the cost of material consumed during the month is Rs. 6,000, labor cost incurred is Rs. 2,000 and the factory overhead cost is Rs. 2,500?

5500

- Rs. 6,000
- Rs. 8,000
- Rs. 4,500
- Rs. 10,500

Question No: 12 (Marks: 1) - Please choose one

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In cost of goods sold statement the 'cost of goods manufactured' is equal to:

- Total factory cost + Opening work in process + Ending work in process
- Total factory cost + Opening work in process – Ending work in process
- Total factory cost - Opening work in process + Ending work in process
- Ending work in process + Total factory cost – Opening work in process

Question No: 13 (Marks: 1) - Please choose one

Cost of asset	Rs. 1,00,000
Life of asset	5 years
Depreciation for each year	Rs. 15,000
Sale price after 5 years	Rs.50,000
Written down value of asset at the end of 5 th year	Rs.25,000
Profit or loss on disposal of fixed assets	?

- Rs.25, 000 profit
- Rs. 75,000 loss
- Rs. 15,000 profit
- Rs. 1, 00,000 profit

Question No: 14 (Marks: 1) - Please choose one

If, Cost of machine = Rs.400, 000

Useful life = 5 years

Rate of depreciation= 40%

The book value of machine after one years using diminishing balance method is ?

- Rs.86, 400
- Rs. 1, 44,000
- Rs. 2, 40,000
- Rs. 51,840

Question No: 15 (Marks: 1) - Please choose one

The cost of moving plant and machinery to a new site will be treated as:

- Revenue expense
- Capital expense
- Administrative expense
- Operating expense

Question No: 16 (Marks: 1) - Please choose one

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Consider the following data:

Particulars	Rs.
Assets	8,20,000
Owner's equity	3,80,000
Liabilities	?

- Rs. 1, 98,000
- Rs. 49,000
- Rs. 55,000
- **Rs. 4, 40,000**

Question No: 17 (Marks: 1) - Please choose one

Which one of the following transactions will cause the balance in Mr. Terry's Cash Book to be greater than his Bank Statement balance?

- **A cheque is drawn but not yet presented at the bank for payment**
- The bank has not yet notified to Mr. Terry about a dishonoured cheque
- A credit transfer into Terry's Bank Account
- A cheque payment of Rs.101 is recorded in the Cash Book as Rs.110

Question No: 18 (Marks: 1) - Please choose one

Which of the following account will be debited, when the bad debts are recovered?

- Bad debt recovered a/c
- **Cash a/c**
- Doubtful debts a/c
- Bad debts a/c

Question No: 19 (Marks: 1) - Please choose one

Which of the following subsidiary book(s) is (are) maintained for debtors control account?

- Sales Day Book
- Sales Return
- **Debtors Ledger**
- All of the given options

Question No: 20 (Marks: 1) - Please choose one

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Which of the following is (are) benefit/s of subsidiary ledger accounts to business?

- It tells about customer attitude of payments
- It can be checked against the control account to pick up recording errors
- It tells about the complete history of transactions of business client
- All of the given options

Question No: 21 (Marks: 1) - Please choose one

Which of the following account(s) will be affected, while rectifying the error of sales to Rahim Rs. 336 posted to his account as Rs. 363?

- Sales account
- Rahim's account
- Cash account
- Both sales and Rahim's Account

Question No: 22 (Marks: 1) - Please choose one

Which of the following account(s) will be affected, while rectifying the error of sales to Rahim of Rs. 500 were omitted to record in books of accounts?

- Sales account
- Rahim's account
- Cash account
- Both sales and Rahim's Account

Question No: 23 (Marks: 1) - Please choose one

Which of the following account(s) will be affected, while rectifying the error of carriage charges, paid for a new plant purchased mistakenly debited to carriage account?

- Plant account
- Carriage account
- Both plant account and carriage account
- Trading account

Question No: 24 (Marks: 1) - Please choose one

Goods purchased from "Mr. A" for Rs. 2,000 passed through the sales book. The rectification of error will result in:

- Increase of gross profit
- Decrease of gross profit
- Remains constant and no effect on net profit
- There is no relation between goods purchased and gross profit

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Question No: 25 (Marks: 1) - Please choose one

Which of the following entry will be recorded, if a cheque deposited is dishonored by bank?

- Bank Account (Dr.) and Debtor's Account (Cr.)
- Debtor's Account (Dr.) and Bank Account (Cr.)
- Dishonored Cheque Account (Dr.) and Bank Account (Cr.)
- Creditor's Account (Dr.) and Bank Account (Cr.)

Question No: 26 (Marks: 1) - Please choose one

Consider the following data and identify the amount which will be shown in profit & loss account.

Particulars	Rs.
Bad debts	3,500
Provision for doubtful debts (old)	6,000
Current year's provision (new)	1,500

- Rs. (1,000)
- Rs. 1,000
- Rs. (5,000)
- Rs. 5,000

Question No: 27 (Marks: 1) - Please choose one

The main objective of financial reporting is to provide:

- Essential information to internal users of financial reports.
- Useful economic information about the business to the external parties for sound financial decisions.
- Information to internal users about the cash position of the business.
- Information to the Securities Exchange Commission (SEC).

Question No: 28 (Marks: 1) - Please choose one

Wages paid to laborers working in the manufacturing department is treated as an expense of:

- Administrative expenses
- Selling expenses
- Marketing expenses
- Cost of goods sold

Question No: 29 (Marks: 1) - Please choose one

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Which of the following would **NOT** be considered as a component of 'cost' of stock?

- ▶ Salaries of selling staff
- ▶ Transportation inward costs
- ▶ Import duties
- ▶ Purchase price

Question No: 30 (Marks: 1) - Please choose one

General office expenses are charged to which of the following head:

- ▶ Administrative expenses
- ▶ Marketing expenses
- ▶ Selling expenses
- ▶ Financial expenses

Question No: 31 (Marks: 1) - Please choose one

Which of the following is (are) characteristic(s) of Reserve?

- ▶ Its amount is generally determined by the management on the basis of the amount of profit earned.
- ▶ It is shown on liabilities side of balance sheet
- ▶ It does not affect profit or loss, since it is created after ascertaining net profit
- ▶ All of the given options

Question No: 32 (Marks: 1) - Please choose one

Which of the following is **TRUE** about the treatment of insurance paid in advance Rs. 13,000?

- ▶ It will be treated as an other income in Profit & Loss Account
- ▶ It will be treated as a current asset in Balance Sheet
- ▶ It will be treated as a current liability in Balance Sheet
- ▶ It will be treated as an accrued expense in Balance Sheet

Question No: 33 (Marks: 1) - Please choose one

Which of the following statement is **TRUE** about the Accounts receivable?

- ▶ Accounts receivable arises when a company buys goods or services from another party on credit
- ▶ Accounts receivable is a miscellaneous category that may include loans to employees
- ▶ Accounts receivable are more formal than notes receivable
- ▶ Accounts receivable are often called trade receivables

Question No: 34 (Marks: 1) - Please choose one

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Which of the following is(are) type(s) of capital account in partnership?

- ▶ Fixed Capital
- ▶ Current Capital
- ▶ Fluctuating Capital
- ▶ Both Fixed Capital and Fluctuating Capital

Question No: 35 (Marks: 1) - Please choose one

Preliminary Expenses of the company may write off against:

- ▶ Share premium account
- ▶ Share holder account
- ▶ Debtors control account
- ▶ Creditor control account

Question No: 36 (Marks: 1) - Please choose one

Which of the following is (are) shown as notes to the accounts.

- ▶ Nature of the business of the company
- ▶ Accounting policies of the business
- ▶ Details and explanations of items given in Balance Sheet
- ▶ All of the given options

Question No: 37 (Marks: 1) - Please choose one

An example of financing activities in the context of cash flow statement is:

- ▶ Capital expenditures on purchase of fixed assets
- ▶ Long-term deposit
- ▶ Financial charges paid
- ▶ Dividend paid

Question No: 38 (Marks: 1) - Please choose one

What does a credit balance in a partner's current account represent to a business?

- ▶ Current Assets
- ▶ Current Liability
- ▶ Long-term liability
- ▶ Share of profit

Question No: 39 (Marks: 1) - Please choose one

If company has distributable profit is Rs. 4, 90,000. Profit sharing share ratio of Mr. A, Mr. B and Mr. C is 2:3:5 respectively what will be the Profit share for Mr. B in distributable profit.

- ▶ Rs. 98,000
- ▶ Rs. 1, 47,000

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- Rs. 2, 45,000
- Rs. 3, 43,000

Question No: 40 (Marks: 1) - Please choose one

If company has distributable profit is Rs. 4, 90,000. Profit sharing share ratio of Mr. A, Mr. B and Mr. C is 2:3:5 respectively what will be the Profit share for Mr. C in distributable profit.

- Rs. 98,000
- Rs. 1, 47,000
- Rs. 2, 45,000
- Rs. 3, 43,000

Question No: 41 (Marks: 1) - Please choose one

ABC Company received discount on its credit purchases, which of the following will be credited while entering in journal?

- Cash
- Discount received
- Creditors
- Bank

Question No: 42 (Marks: 1) - Please choose one

Suppose a firm has 200 debtors, and each of them owes exactly Rs. 150 at the start of June. What is the total amount owed by all debtors?

- Rs. 2,000
- Rs. 3,000
- Rs. 30,000
- Rs. 150,000

Question No: 43 (Marks: 1) - Please choose one

Suppose a firm has 100 debtors, and each of them owes exactly Rs.150 at the start of June. During June each debtor has paid-off exactly Rs.100 on their account, either by cash or by cheque. What should be the revised total debtors figure?

- Rs. 5,000
- Rs. 9,850
- Rs. 25,000
- Rs. 14,900

Question No: 44 (Marks: 1) - Please choose one

The total credit sales for the period will be obtained from:

- Sales returns day book
- Cash book
- Journal
- Sales day book

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Question No: 45 (Marks: 1) - Please choose one

Stockholder's equity would not be affected by:

- Dividends to stockholders
- Net loss
- Purchase of land from the proceeds of bank loan
- Investments of cash by stockholders

Question No: 46 (Marks: 1) - Please choose one

Which of the following is known as an asset account?

- Gains
- Prepaid insurance
- Unearned revenue
- Accounts payable

Question No: 47 (Marks: 1) - Please choose one

Dillon Company sold marketable securities Costing Rs.60,000 for Rs.72,000 cash. In the company's income statement and statement of cash flows, respectively, this will appear as:

- A Rs.72,000 gain and a Rs.6,000 cash receipt
- A Rs.12,000 gain and a Rs.72,000 cash receipt
- A Rs.12,000 gain and a Rs.60,000 cash receipt
- A Rs.72,000 sale and a Rs.72,000 cash receipt

Question No: 48 (Marks: 1) - Please choose one

Profits earned by partnerships compensate the owners for which of the following?

- Personal services rendered to the business
- Capital invested in the business
- Assuming the risks of ownership
- All of the given options

Question No: 49 (Marks: 1) - Please choose one

Mr. A & B entered into a partnership with an equal share in profit or loss. The agreement provides that Mr. A will receive Rs.10,000 and Mr. B will receive Rs.8,000 as salary allowance. The net income for the year is Rs.85,000. What will be the total share of Mr. A?

- Rs.52,500
- Rs.42,500
- Rs.43,500
- Rs.50,500

Question No: 50 (Marks: 1) - Please choose one

How many members can subscribe their names in memorandum of association for registration of public limited company?

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- 2
- 3
- 5
- 7

Question No: 51 (Marks: 1) - Please choose one

Which of the following can be utilized to issue bonus shares?

- Reserves
- Debentures
- Share premium
- Term finance certificate

Question No: 52 (Marks: 1) - Please choose one

Which of the following financial statement is helpful for the investors and creditors to assess the cash and non cash aspects of operating, investing and financing transactions on an entity's financial position?

- Balance Sheet
- Income Statement
- Statement of cash flows
- Statement of changes in equity

Question No: 53 (Marks: 1) - Please choose one

Which of the following is measured by debt ratio?

- Short-term liquidity
- Creditors' long term risk
- Short-term risk of the company
- All of the given options

Question No: 54 (Marks: 1) - Please choose one

In statement of cash flows, a payment of cash dividends is related to:

- Investing activity
- Financing activity
- Operating activity
- Cash flows from operations

Question No: 1 (Marks: 1) - Please choose one

Shares for which amount is paid by public are called _____ shares.

- Paid up
- Authorized
- Bonus shares
- All are correct options

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Question No: 2 (Marks: 1) - Please choose one

Income of the business includes:

- **Cash sales only**
- Credit sales only
- Credit purchases only
- Both cash sales and credit sales

Question No: 3 (Marks: 1) - Please choose one

Which of the following is used to record financial transactions in chronological (day-to-day) order?

- Voucher
- **General Journal**
- General Ledger
- Trial balance

Question No: 4 (Marks: 1) - Please choose one

The original book of entry, in which all vouchers are first recorded, is called:

- **General Journal**
- General Ledger
- Trial Balance
- Balance Sheet

Question No: 5 (Marks: 1) - Please choose one

A book, in which receipts and payments are recorded, is known as:

- **Pass Book**
- **Cash Book**
- Purchase Book
- Sales Book

Question No: 6 (Marks: 1) - Please choose one

Which of the following period is known as a fiscal Year of the Government of Pakistan?

- 1st January to 31st December
- 1st June to 31st May
- **1st July to 30th June**

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► 1st October to 30th September

Question No: 7 (Marks: 1) - Please choose one

Which of the following is/are the **END** product of accounting cycle?

► **Financial Statements**

-
- General Journal
 - General Ledger
 - Voucher

Question No: 8 (Marks: 1) - Please choose one

Which of the following is **NOT** considered a part of financial statements?

► **General Ledger**

-
- Balance Sheet
 - Profit and Loss Account
 - Cash Flow Statement

Question No: 9 (Marks: 1) - Please choose one

The amount of salary paid to Mr. Sohail should be debited to:

► Mr. Sohail account

► **Salaries account**

-
- Cash account
 - Drawings account

Question No: 10 (Marks: 1) - Please choose one

If the cost of sales is Rs. 60,000, sales are Rs. 90,000 and operating expenses are Rs. 25,000 during the year. What would be the Net Profit?

► **Rs. 5,000**

-
- Rs. 25,000
 - Rs. 55,000
 - Rs. 60,000

Question No: 11 (Marks: 1) - Please choose one

If the cost of sales is Rs. 60,000, sales are Rs. 95,000 and operating expenses are Rs. 20,000 during the year, what would be the value of Gross Profit?

► Rs. 15,000

► **Rs. 35,000**

-
- Rs. 55,000

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- Rs. 60,000

Question No: 12 (Marks: 1) - Please choose one

If salaries expense is Rs. 2,500, purchases are Rs. 16,000 and rent (office building) is Rs. 300 during the year, what would be the total of "general & administrative expenses"?

- Rs. 300
- Rs. 2,500
- **Rs. 2,800**
- Rs.18, 800

Question No: 13 (Marks: 1) - Please choose one

The Primary objective of providing depreciation is:

- To calculate true profit
- **To show the asset on market value**
- To reduce tax Burdon
- To provide funds for replacement

Question No: 14 (Marks: 1) - Please choose one

Accounting is the language of:

- **Business**
- School
- Proprietor
- Management

Question No: 15 (Marks: 1) - Please choose one

Depreciation arises because of:

- Fall in the market value of an asset
- Fall in the value of money
- **Physical wear and tear**
- All of the given options

Question No: 16 (Marks: 1) - Please choose one

Find out the missing value of an Accounting Equation with the help of given data:

Owner's equity	Rs. 22,500
Total Liabilities	Rs. 80, 385

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Cash in hand	Rs. 1,000
Cash at bank	Rs. 2,000
Debtors	Rs. 500

- Rs. 1,02,885 other assets
- Rs. 1,02,885 other liabilities
- Rs. 99,885 current liabilities
- **Rs. 99,385 other assets**

Question No: 17 (Marks: 1) - Please choose one

When the Bank Statement balance is more than the Cash Book balance, it is because of:

- Unpresented cheques
- Unrecorded bank charges
- **Uncredited cheques**
- None of the given options

Question No: 18 (Marks: 1) - Please choose one

Upon checking the Bank Statement against the Cash Book by Mr. A, It was discovered that an amount of Rs.120 for dividend from XYZ Co. had not been entered in the Cash Book. Which of the following entry should be recorded to rectify the mistake?

- **Bank Account(Dr.) and Dividend Account (Cr.)**
- XYZ Co. Account (Dr.) and Bank Account (Cr.)
- Dividend Account (Dr.) and Bank Account (Cr.)
- Bank Account (Dr.) and XYZ Co. Account (Cr.)

Question No: 19 (Marks: 1) - Please choose one

Which of the following subsidiary book(s) is (are) maintained for debtors control account?

- Sales Day Book
- Sales Return
- **Debtors Ledger**
- All of the given options

Question No: 20 (Marks: 1) - Please choose one

Which of the following is shown on credit side of creditors control account?

- Bills Receivable
- Return inwards
- **Credit purchases**

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- Discount allowed

Question No: 21 (Marks: 1) - Please choose one

Which of the following account(s) will be affected, while rectifying the error of carriage charges, paid for a new plant purchased mistakenly debited to carriage account?

- Plant account
- Carriage account
- Both plant account and carriage account
- Trading account

Question No: 22 (Marks: 1) - Please choose one

Which of the following rectifying entry will be recorded, if sales to Mr. "A" of Rs.336 have been debited to Mr. "B" account?

- A's account (Dr.) and B's account (Cr.)
- B's account (Dr.) and A's account (Cr.)
- Sales account (Dr.) and B's account (cr.)
- B's account (Dr.) and Sales account (Cr.)

Question No: 23 (Marks: 1) - Please choose one

Following information are extracted from books of Mr. XYZ

Particulars	Rs.
Bad Debts (Given in trial balance)	500
Old provisions (Given in trial balance)	700
Sundry Debtors (Given in trial balance)	44,800

If the Provision for doubtful debts has been increased by 5%, which amount of new provision will be shown in Profit & Loss Account?

- Rs. 2,240
- Rs. 2,425
- Rs. 1,925
- Rs. 3,025

Question No: 24 (Marks: 1) - Please choose one

An asset which is NOT easily convertible to cash or not expected to become cash within a period of twelve months is called:

- Liquid asset
- Current asset
- Fixed asset
- Floating asset

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Question No: 25 (Marks: 1) - Please choose one

When closing stock is given in trial balance, then it will effect:

- Trading account only
- Balance sheet only
- Owner's equity only
- Both Trading account and Balance sheet

Question No: 26 (Marks: 1) - Please choose one

Which of the following is **CORRECT** if depreciation is given in trial balance?

- All of the given options are correct
- It means depreciation has already been deducted from concerned asset account
- It will be shown as an expense in income statement only
- It will not be deducted from concerned asset in Balance Sheet

Question No: 27 (Marks: 1) - Please choose one

Identify the selling expenses of manufacturing concern with the help of given data.

Particulars	Rs.
Salesman's salary	70,000
Commission on sales	28,000
Carriage outward	10,000
Carriage inward	5,000

- Rs. 80,000
- Rs. 60,000
- Rs. 38,000
- Rs. 1,08,000

Question No: 28 (Marks: 1) - Please choose one

In case of fixed capital accounts, other transactions such as Drawings and Profit etc. are recorded in a separate account that is called _____.

- Fixed Capital Account
- Current Account
- Fluctuating Capital Account
- Floating Capital Account

Question No: 29 (Marks: 1) - Please choose one

Which of the following clause/s are discussed in Memorandum of Association of Companies?

- Name of company
- Place of registered office of company
- Objective of the company

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- All of the given options

Question No: 30 (Marks: 1) - Please choose one

In Income Statement, both beginning inventory and ending inventory appear in the section of:

- Cost of good sold
- Indirect cost
- Selling cost
- Factory overhead cost

Question No: 31 (Marks: 1) - Please choose one

In which of the following auditor's remuneration payable is shown?

- In balance sheet under the head of current liabilities only
- In balance sheet under the head of current assets only
- In income statement under the administrative expense only
- In both balance sheet under the head of current liabilities and income statement under the administrative expense

Question No: 32 (Marks: 1) - Please choose one

How dividend declared is treated in the Balance Sheet of the company?

- Provision
- Current liability
- Reserves and surplus
- Current assets

Question No: 33 (Marks: 1) - Please choose one

The balance sheet reported a beginning balance of Rs. 20,000 in Accounts Receivable and an ending balance of Rs. 15,000. Credit Sales of Rs. 200,000 were made during the year. Using this information, compute cash collected from customers.

- Rs. 205,000
- Rs. 215,000
- Rs. 195,000
- Rs. 200,000

Question No: 34 (Marks: 1) - Please choose one

Which of the following statement is NOT TRUE about the limited company form of business?

- The limited company form of business allows ownership of the business to be spread amongst many people
- Shareholders can appoint professionals

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- Shareholders are personally liable for all the liabilities incurred by the business
- Regular filing of information about the affairs of the company is a legal requirement

Question No: 35 (Marks: 1) - Please choose one

In calculating earning per share (EPS), the net profit is divided by which of the following?

- Number of ordinary shares
- Number of preference shares
- Paid up capital
- Authorized capital

Question No: 36 (Marks: 1) - Please choose one

Which of the given Asset is **Not** included in the calculation acid test ratio?

- Stock
- Cash
- Debtors
- Bills Receivable

Question No: 37 (Marks: 1) - Please choose one

Particulars	Rs.
Debentures	1, 50, 000
Equity Capital	2, 00,000
General Reserve	90, 000
Accumulated profit	60,000
What is debt equity ratio	?

- 15: 20 (or 3:4)
- 15:24 (or 5: 8)
- 15:29
- 15:35 (or 3: 7)

Question No: 38 (Marks: 1) - Please choose one

Normally the practice of Book Keeping under Single Entry System is followed by:

- Small businesses only
- Governments only
- Large scale businesses only
- Both small businesses and governments

Question No: 39 (Marks: 1) - Please choose one

In which of the following case the bank cannot refuse the payment?

- Stale cheque

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- Bearer cheque
- Insolvency of the customer
- Post dated cheque

Question No: 40 (Marks: 1) - Please choose one

Stock account is debited and creditors account is credited, which of the following is reflecting the statement?

- Discount received
- Goods returned
- Purchase of goods on credit
- Payment of goods

Question No: 41 (Marks: 1) - Please choose one

Payment is made of a company's purchases on credit, which of the following is correct:

- Debit stock account and credit creditors account
- Debit creditors account and credit cash account
- Debit cash account and credit creditors account
- Debit stock account and credit cash account

Question No: 42 (Marks: 1) - Please choose one

We usually allow the customer to deduct a certain amount from the invoice value for prompt payment. In doing so we are granting a:

- Commission
- Allowance
- Discount
- Rebate

Question No: 43 (Marks: 1) - Please choose one

What will be obtained from the Purchases Returns Book?

- Discount received
- Returns outward
- Credit purchases
- Discount allowed

Question No: 44 (Marks: 1) - Please choose one

Deferred cost is classified as:

- Current liability
- Current asset
- Non-current asset
- Non-current liability

Question No: 45 (Marks: 1) - Please choose one

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Which of the following is increased when an asset is converted into expense in adjustment?

- Revenue
- Net income
- Expense
- Liability

Question No: 46 (Marks: 1) - Please choose one

Accumulated depreciation is a _____ account?

- Fixed asset
- Current asset
- Contra asset
- Liability

Question No: 47 (Marks: 1) - Please choose one

Failure to record _____ will result in understates net income.

- Accrued expenses
- Expenses incurred
- Accrued revenues
- Accounts payable

Question No: 48 (Marks: 1) - Please choose one

Puget Sound Co. sold marketable securities Costing Rs.80,000 for Rs.92,000 cash. In the company's income statement and statement of cash flows, respectively, this will appear as:

- A Rs.12,000 gain and a Rs.92,000 cash receipt
- A Rs.92,000 gain and a Rs.8,000 cash receipt
- A Rs.12,000 gain and a Rs.80,000 cash receipt
- A Rs.92,000 sale and a Rs.92,000 cash receipt

Question No: 49 (Marks: 1) - Please choose one

Mr. A & B entered into a partnership invested Rs.50,000 and Rs.65,000 with an equal share in profit or loss. Markup on drawings of Mr. A is Rs.1,500 and of Mr. B is Rs.1,800. The net income for the year is Rs.85,000. What will be the amount of distributable profit?

- Rs.81,700
- Rs.88,300
- Rs.131,700
- Rs.146,700

Question No: 50 (Marks: 1) - Please choose one

Mr. A & B entered into a partnership with an equal investment and equal share in profit or loss. Markup on capital of Mr. A is Rs.2,000 and markup on drawings of Mr. B is Rs.3,000. The net income for the year is Rs.50,000. What will be the profit share of Mr. A?

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- Rs.22,500
- **Rs.25,500**
- Rs.27,500
- Rs.55,000

Question No: 51 (Marks: 1) - Please choose one

Mr. A & B entered into a partnership invested Rs.50,000 and Rs.65,000 with an equal share in profit or loss. Markup on capital of Mr. A is Rs.2,000 and markup on drawings of Mr. B is Rs.3,000. The net income for the year is Rs.85,000.

What will be the profit share of Mr. B?

- Rs.40,000
- **Rs.43,000**
- Rs.130,000
- Rs.133,000

Question No: 52 (Marks: 1) - Please choose one

The value of a share as quoted on the stock exchange is known as:

- Book value
- Par value
- **Market value**
- Face value

Question No: 53 (Marks: 1) - Please choose one

Which of the following is not a measure of short-term liquidity?

- Current ratio
- Quick ratio
- Acid-test ratio
- **Debt ratio**